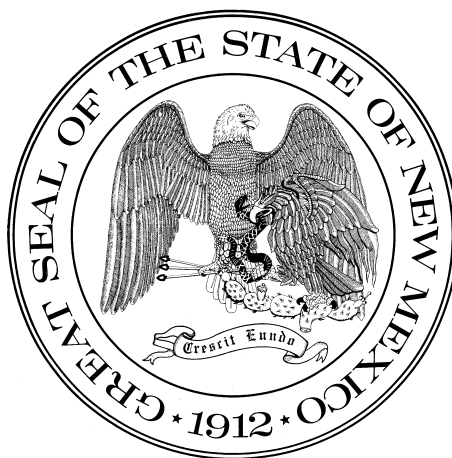


NEW MEXICO FINANCE AUTHORITY OVERSIGHT COMMITTEE



FINAL REPORT 2003 INTERIM

**Legislative Council Service
January 2004
205.145-03**

The New Mexico finance authority oversight committee is pleased to present its final report for the 2003 interim to the second session of the forty-sixth legislature. The report includes an overview on committee concerns during the interim, the approved work plan and budget, agendas and minutes for each meeting and the committee's recommendations for legislation. The actual legislation is also included in the final section of this report.

The committee acknowledges and appreciates the continued assistance of the New Mexico finance authority, the border authority, local governments, councils of government and other state agency personnel in its continued study of local government capital needs and border issues.

Please address any questions concerning the committee's work to me or other committee members.

Sincerely,

Daniel P. Silva
Chairman, New Mexico Finance Authority Oversight Committee

TABLE OF CONTENTS

Background and Committee Membership

Approved Work Plan, Meeting Schedule and Budget

Summary of New Mexico Finance Authority Oversight Committee's Work and Legislation

Agendas for all Committee Meetings

June 16, 2003

July 10-11, 2003

August 18-20, 2003

September 25-26, 2003

November 20, 2003

January 19, 2004

Minutes for all Committee Meetings

June 16, 2003

July 10-11, 2003

August 18-20, 2003

September 25-26, 2003

November 20, 2003

January 19, 2004

Committee-Sponsored Legislation

The New Mexico finance authority (NMFA) oversight committee was created in 1992. By statute, the New Mexico legislative council determines the membership of the committee and designates the chair and vice chair. The staff for the committee is provided by the legislative council service. The committee oversees the operation of the NMFA, including providing assistance and advice on the public project financing program of the authority as well as on the financing of state and local capital projects. The committee's charge also includes overseeing and monitoring state and local government capital planning and financing and hearing testimony from state and local officials on state and local capital needs.

In 1995, the NMFA oversight committee took on oversight of the border authority pursuant to Section 58-27-26 NMSA 1978. The committee monitors and provides assistance and advice on the project financing program of the border authority and on border and port of entry capital needs in addition to overseeing the operations of the border authority.

Committee Membership

Members of the committee during the 2003 interim were as follows:

Rep. Daniel P. Silva, Chair	Rep. Earlene Roberts
Sen. Pete Campos, Vice Chair	Sen. Shannon Robinson
Sen. Manny M. Aragon	Sen. Nancy Rodriguez
Sen. Clinton D. Harden, Jr.	Rep. Raymond M. Ruiz
Rep. Dona G. Irwin	Rep. Henry Kiki Saavedra
Sen. Don Kidd	Sen. H. Diane Snyder
Rep. Brian K. Moore	Rep. Sheryl Williams Stapleton
Sen. Mary Kay Papen	Rep. Don Tripp

Advisory Members:

Rep. Donald E. Bratton	Rep. Ben Lujan
Rep. Jose A. Campos	Sen. Leonard Lee Rawson
Rep. Anna M. Crook	Sen. Richard M. Romero
Sen. Dianna J. Duran	Sen. Bernadette M. Sanchez
Sen. Joseph A. Fidel	Rep. Edward C. Sandoval
Rep. Mary Helen Garcia	Rep. James G. Taylor
Sen. Mary Jane M. Garcia	Rep. Luciano "Lucky" Varela
Rep. Roberto "Bobby" J. Gonzales	Rep. Robert White
Sen. Stuart Ingle	

The committee was staffed by Renée Gregorio, Jon Boller and Alfred Creecy.

APPROVED WORK PLAN FOR THE NEW MEXICO FINANCE AUTHORITY OVERSIGHT COMMITTEE

The New Mexico finance authority oversight committee was created with the enactment of the New Mexico Finance Authority Act, Sections 6-21-1 through 6-21-29 NMSA 1978, to oversee the operations of the finance authority. In addition, the legislature assigned oversight of the border authority and implementation of the Border Development Act, Sections 58-27-1 through 58-27-26 NMSA 1978, to the committee.

The committee is statutorily required to monitor and oversee the operations of the two authorities; monitor and oversee state and local government capital planning and financing; provide advice and assistance to the authorities and cooperate with state and local governments on planning and setting priorities for and financing of state, local, border and port-of-entry capital projects; review and approve rules proposed by the authorities; and report its recommendations and legislation to the governor and legislature on or before December 15 of each year.

To carry out these tasks and statutory duties during the 2003 legislative interim, the New Mexico finance authority oversight committee will:

- (1) monitor and oversee the operations of the New Mexico finance authority and the border authority;
- (2) review and approve any rules proposed by the authorities;
- (3) receive progress reports on new and ongoing capital projects funded through the New Mexico finance authority to ensure that projects are proceeding in a timely manner;
- (4) receive testimony on the various finance mechanisms and programs for funding capital projects;
- (5) hear testimony on border development, including Santa Teresa and Columbus border crossing issues; and
- (6) recommend necessary changes in law or policy to the legislature.

MEETING SCHEDULE AND BUDGET

<u>Date</u>	<u>Location</u>	<u>Proposed Budget</u>
June 16	Santa Fe	\$3,880.24
July 10-11	Albuquerque	5,918.00
August 18-20	Deming/Las Cruces/Sunland Park	10,465.68
September 25-26	Ruidoso	6,200.24
November 20	Santa Fe	3,880.24
January 19	Santa Fe	<u>3,880.24</u>

Total for Voting Members: \$34,224.64

Budget Approved by Legislative Council:	\$27,000.00
Actual Expenditures:	\$17,015.00*

*This amount does not include the \$15,575.69 budget required for per diem and mileage for advisory members.

Summary of the NMFA Oversight Committee's Work and Legislation

As approved by the legislative council, the NMFA oversight committee set forth to carry out its statutory duties during the interim. In conjunction with its monitoring and oversight function, the committee focused on studying programs and funds affecting the ability of the state to assist local communities in meeting their infrastructure requirements, especially in the areas of water and wastewater; state transportation initiatives and the ways in which the NMFA might be involved in assisting with funding; reviewing and discussing the capital outlay process from the perspective of legislators, state agencies, local entities, councils of government and bond counsel; and clarifying inspection procedures and difficulties at border crossings.

The committee traveled throughout the state, hearing testimony from local communities, including Albuquerque, Deming, Bayard, Hurley, Santa Clara, Ruidoso, Ruidoso Downs and Alamogordo. Area infrastructure needs, as well as the status of several NMFA-funded projects, especially water and wastewater projects, were addressed.

The committee heard testimony on the shift in the powers of the NMFA with the passage of SJC/SB 429 (Chapter 325), which allows the NMFA to make loans without specific legislative authorization for projects that are considered to be critical economic development projects.

An overview of the drinking water state revolving loan fund was presented to the committee. The cumbersome nature of the federal Safe Drinking Water Act of 1974 and the difficulties for small water systems associated with that act were discussed. The committee learned of the assistance programs offered by the drinking water bureau as well as the difficulties that local systems encounter, including drought, insufficient water system infrastructure, limited financial resources, federal regulations such as the arsenic standard, and a lack of certified water system operators. The state offers capacity development and operator certification programs to help alleviate these concerns.

The NMFA reported on specific projects approved as grants by the water trust board. The water trust board sought applications from all areas of the state charged with the responsibility of developing regional solutions to the state's water problems. Committee members also became versed in the responsibilities of the drought task force and heard from communities suffering from severe water shortages. The NMFA also reported on its loan and grant programs.

A survey of state transportation initiatives, current critical needs and ongoing improvements statewide were presented and discussed.

The committee heard testimony from the border authority that focused on inspection procedures and difficulties at border crossings as well as the co-locating of inspections to expedite trade. The need for expanding ports of entry and improving border crossings was also discussed along with methods for securing the state's border with Mexico.

One of the committee's objectives was to review the capital outlay process. To that end, the committee heard testimony from the office of the state auditor and the legislative finance committee, which prepared a report: "The Review and Monitoring of Capital Outlay Projects by Selected Oversight Agencies". The difficulties encountered in tracking and monitoring capital projects and possible solutions were looked at. Several state agencies reported on their methods for seeking funding for capital projects, what prioritizing process they have in place, how projects are tracked and how the interface with the legislature could be improved.

Many committee members expressed concern over changes to the capital outlay process, stating the importance of being responsive to their constituencies.

Several representatives from councils of government reported on their capital process, programs, revenue and area needs. Navajo Nation representatives reported on uncoordinated and underfunded projects that come to the nation through the legislative process. The committee considered existing problems and solutions, such as a need for planning, a coordination of efforts and completion of existing funded projects.

In an effort to increase the committee's understanding of the bonding process and reasons for bonds not being issued for an authorized project, bond counsel gave a report on the certification process for severance tax bonds, pointing out how decisions are made not to fund projects because of anti-donation concerns.

The committee met in January 2004 to approve the NMFA annual public project authorization bills as well as other proposals for legislation. The committee endorsed the following legislation:

- the public project revolving fund authorization bill, submitted each year to the legislature for approval of loans for specific projects to be funded out of the public project revolving fund (.149065);
- the water and wastewater project grant fund authorization bill, submitted each year to the legislature for approval of grants for specific projects to be funded out of the water and wastewater project grant fund (.149063);
- the water project fund bill, which authorizes the NMFA to make loans or grants for specific water projects from the water project fund (.149064);
- a bill that makes an appropriation from the public project revolving fund to the drinking water state revolving loan fund to carry out the purposes of the Drinking Water State Revolving Loan Fund Act (.149066);
- a bill that revokes legislative authorization for specific public projects for which loans would have been made from the public project revolving fund (.149067);
- a bill that allows funds from the water and wastewater planning fund to be used for water conservation planning and that appropriates money into the fund (.149220); and
- the Behavioral Health Capital Funding Act, which allows the NMFA to make loans for capital projects to nonprofit behavioral health facilities that serve primarily sick and indigent patients (149227.1).

No new legislation was written for the border authority.

AGENDAS FOR NMFA OVERSIGHT COMMITTEE MEETINGS

TENTATIVE AGENDA
for the
NEW MEXICO FINANCE AUTHORITY OVERSIGHT COMMITTEE

June 16, 2003
Room 307, State Capitol

Monday, June 16

- | | |
|------------|--|
| 10:00 a.m. | CALL TO ORDER
—Representative Daniel P. Silva, Chair |
| 10:15 a.m. | NEW MEXICO FINANCE AUTHORITY (NMFA) — RULES FOR
IMPLEMENTING SB 429 — STATUTORY CHANGES AFFECTING
THE NMFA — UPDATE OF NMFA ACTIVITIES
—David Harris, Executive Director, NMFA
—Carlos Romero, Director, Intergovernmental Relations, NMFA |
| 11:45 a.m. | DISCUSSION OF WORK PLAN AND ITINERARY FOR 2003
INTERIM |
| 1:00 p.m. | ADJOURN |

Revised: July 3, 2003

**TENTATIVE AGENDA
for the
SECOND MEETING
of the
NEW MEXICO FINANCE AUTHORITY OVERSIGHT COMMITTEE**

**July 10-11, 2003
Albuquerque Technical-Vocational Institute
Workforce Training Center, Room 103
5600 Eagle Rock Avenue NE
Albuquerque**

Thursday, July 10

- 10:00 a.m. CALL TO ORDER AND APPROVAL OF MINUTES
— Representative Daniel P. Silva, Chair
- 10:10 a.m. WATER TRUST BOARD PROJECTS
— David W. Harris, Executive Director, New Mexico Finance Authority
(NMFA)
- 10:45 a.m. NMFA-FINANCED PROJECTS IN ALBUQUERQUE AND SURROUNDING
AREAS OF BERNALILLO AND SANDOVAL COUNTIES
— Carlos Romero, Director of Intergovernmental Relations, NMFA
— Brian Brooks, Financial Advisor, NMFA
— Recipients of Financing
- 12:00 noon LUNCH
- 1:30 p.m. AREA PROJECTS FINANCED BY NMFA — TOUR OF BASEBALL
STADIUM
- 3:00 p.m. WATER AND WASTEWATER PROJECTS IN THE NORTH AND SOUTH
VALLEY
—NMFA Staff
—Tim West, Bernalillo County Public Works (BCPW) Division Director
—Greg Olson, Public Works Department, City of Albuquerque
—Mary Murnane, Water Resources Program Manager, BCPW
—Roger Paul, Technical Services Department Manager, BCPW
- 3:45 p.m. MEETING THE ARSENIC STANDARD IN ALBUQUERQUE
—John Stomp, Manager, City of Albuquerque Water Resources Department
(invited)
- 5:00 p.m. RECESS

Friday, July 11

9:00 a.m. PRESENTATION ON CAPITAL OUTLAY PROCESS — THE AGENCY
OVERVIEW

— George McGeorge, State Auditor's Office, and Christine Chavez, Legislative
Finance Committee

— Samuel Ojinaga, Department of Finance and Administration

— Richard Rose, Department of Environment

— Chris Ortega, Department of Transportation

— Bernie Teba, Indian Affairs Department (invited)

12:00 noon ADJOURNMENT

Revised: August 15, 2003

**TENTATIVE AGENDA
for the
THIRD MEETING
of the
NEW MEXICO FINANCE AUTHORITY OVERSIGHT COMMITTEE**

August 18-20, 2003

**August 18: Room 144, Mimbres Valley Special Events Center, Deming
August 19-20: Mt. Cristo Rey Room, Sunland Park Racetrack and Casino**

Monday, August 18, Room 144, Mimbres Valley Special Events Center

- 10:00 a.m. CALL TO ORDER AND WELCOME
 —Representative Daniel P. Silva, Chairman
 —Mayor Sam Baca
- 10:10 a.m. DEMING, BAYARD, HURLEY AND SANTA CLARA NEW MEXICO
 FINANCE AUTHORITY (NMFA)-FINANCED PROJECT UPDATE
 —Sam Baca, Mayor of Deming (invited)
 —Rudolpho Martinez, Mayor of Bayard (invited)
 —David Diaz, Mayor of Hurley (invited)
 —Joan Atencio, Mayor of Santa Clara (invited)
- 11:00 a.m. ECONOMIC DEVELOPMENT INITIATIVES IN SOUTHWESTERN NEW
 MEXICO
 —Linda K. Jones, Executive Director, Silver City-Grant County Economic
 Development Corporation
- 12:00 noon LUNCH
- 1:30 p.m. GILA RIVER WATER PROJECT REPORT
 —Howard Hutchinson, Coalition of Arizona-New Mexico Counties
- 2:30 p.m. BORDER AREA TRANSPORTATION IMPROVEMENT PROJECTS AND
 STATE TRANSPORTATION COMMISSION
 —Alvin Dominguez, District Engineer, Department of Transportation
 —Johnny Cope, Chairman, State Transportation Commission (invited)
 —Bud Hettinga, State Transportation Commission, District 1
- 3:15 p.m. STATEWIDE TRANSPORTATION INITIATIVES
 —Rhonda Faught, Secretary of Transportation
- 5:00 p.m. RECESS

Tuesday, August 19, Mt. Cristo Rey Room, Sunland Park Racetrack and Casino

- 10:00 a.m. APPROVAL OF MINUTES AND OTHER COMMITTEE BUSINESS
- 10:10 a.m. WELCOME
—Scott Scanland, Lobbyist, and Harold Payne, General Manager, Sunland Park Racetrack and Casino
- 10:20 a.m. SUNLAND PARK ECONOMIC AND INFRASTRUCTURE DEVELOPMENT
—Mayor Ruben Segura
- 11:00 a.m. REPORT FROM THE BORDER AUTHORITY: INFRASTRUCTURE DEVELOPMENTS, RESTRUCTURING OF AUTHORITY AND EXPANSION OF AUTHORITY'S MANDATE
—Jaime Campos, Executive Director, Border Authority
—Jim Creek, Project Manager, Border Authority
- 12:00 noon LUNCH
- 1:30 p.m. NMFA REPORTS:
SANTA ANA LOAN STATUS
PRODUCTIVITY BY FISCAL YEAR
PROGRAMS AND RELEVANT FINANCING
—David Harris, Executive Director, and Carlos Romero, Director of Intergovernmental Relations, NMFA
- 2:30 p.m. ECONOMIC DEVELOPMENT EFFORTS ON THE BORDER AND STATEWIDE AND THE NEW MEXICO-CHIHUAHUA COMMISSION'S WORK
—Rachel King, Deputy Secretary of Economic Development
—Della Duran, Acting Director, Mexican Affairs and Trade Division, Economic Development Department
- 3:15 p.m. DONA ANA MUTUAL DOMESTIC WATER CONSUMERS ASSOCIATION (MDWCA) PROJECTS
—Carlos Romero, NMFA
—Oscar Butler, Dona Ana County Commissioner
—Mariano Martinez, Director, Dona Ana MDWCA
- 4:00 p.m. SUNLAND PARK BORDER VISION PRESENTATION

9:00 a.m.	BORDER SECURITY TASK FORCE —Jeff Steinborn, Field Representative, SW New Mexico, Office of Senator Jeff Bingaman
9:30 a.m.	HOMELAND SECURITY AND EXPEDITED TRADE —Barbara Walker, Project Manager, Cisco Systems, and Hector Holguin, CEO, Holguin Group
10:00 a.m.	RELOCATION AND CO-LOCATION OF COMMERCIAL VEHICLE INSPECTIONS AT SANTA TERESA PORT OF ENTRY —Jan Carey, Motor Transportation Division, Department of Public Safety, and Border Authority
10:45 a.m.	BORDER ECONOMIC TRENDS —Jerry Pacheco, Marketing Director, Santa Teresa Real Estate Development
12:00 noon	ADJOURNMENT

Revised: September 26, 2003

**TENTATIVE AGENDA
for the
FOURTH MEETING
of the
NEW MEXICO FINANCE AUTHORITY OVERSIGHT COMMITTEE
September 30-October 1, 2003
Room 5, Ruidoso Convention Center**

Tuesday, September 30

- 10:00 a.m. CALL TO ORDER AND WELCOME
 — Chairman Daniel P. Silva and E. Leon Eggleston, Mayor of Ruidoso
- APPROVAL OF MINUTES
- 10:10 a.m. AREA LOCAL INFRASTRUCTURE NEEDS AND FUNDED PROJECTS
 —E. Leon Eggleston, Mayor of Ruidoso
 —Laurie McKnight, Village Administrator, Ruidoso
 —Bob A. Miller, Mayor of Ruidoso Downs
 —John P. Waters, Village Administrator, Ruidoso Downs
 —Michael Nivison, Village Administrator, Cloudcroft, and County
 Commissioner, Otero County
 —Patrick McCourt, City Manager, Alamogordo
- 12:00 noon LUNCH
- 1:30 p.m. BORDER ECONOMIC DEVELOPMENT TRENDS
 —Jerry Pacheco, Marketing Director, Santa Teresa Real Estate Development
- 2:30 p.m. COUNCIL OF GOVERNMENTS — CAPITAL PROCESS
 —Lawrence Rael, Executive Director, Middle Rio Grande Council
 —Liz Bernal, Executive Director, South Central Council
 —Lee Tillman, Executive Director, Eastern Plains Council
 —Tony Elias, Southeast New Mexico Economic Development District
 —Representative Patricia A. Lundstrom, Northwest New Mexico Council
- 4:15 p.m. COLLABORATIVE PROJECTS — NAVAJO NATION
 —Navajo Nation Legislative Council Transportation Committee
- 5:00 p.m. RECESS

Wednesday, October 1

- 9:00 a.m. LANDFILL ISSUES — DEMING
 —John Strand, City Manager
- 9:15 a.m. DETAILED OVERVIEW OF ALL PROGRAMS OF THE NEW MEXICO
 FINANCE AUTHORITY (NMFA)
 —David Harris, Executive Director, and Carlos Romero, Director of
 Intergovernmental Relations, NMFA
 SANTA ANA LOAN STATUS
- 12:00 noon PROPOSED LEGISLATION FOR SPECIAL SESSION (TRANSPORTATION
 FINANCING AND PUBLIC PROJECT REVOLVING FUND
 AUTHORIZATION BILLS)
 —David Harris and Carlos Romero, NMFA
 —Rhonda Faught, Secretary of Transportation
- 1:00 p.m. ADJOURN

**TENTATIVE AGENDA
for the
FIFTH MEETING
of the
NEW MEXICO FINANCE AUTHORITY OVERSIGHT COMMITTEE
November 20, 2003
Room 307, State Capitol**

Thursday, November 20

- 10:00 a.m. CALL TO ORDER, COMMITTEE BUSINESS AND APPROVAL OF MINUTES
 —Chairman Daniel P. Silva
- 10:15 a.m. NMFA FUNDED PROJECTS IN SANTA FE
 —Larry Delgado, mayor, City of Santa Fe
- 10:45 a.m. NEW MEXICO FINANCE AUTHORITY (NMFA) PROGRAM OVERVIEW, GGRT ANALYSIS AND WATER AND WASTEWATER PROJECT GRANT FUND
 —David Harris, executive director, and Carlos Romero, director of intergovernmental relations, NMFA
- 12:00 noon LUNCH
- 1:30 p.m. ANTI-DONATION AND OTHER ISSUES RELATED TO CAPITAL APPROPRIATIONS FUNDED THROUGH SEVERANCE TAX BONDS
 —Robbie Heyman, bond counsel
- 2:30 p.m. ADMINISTRATION AND MONITORING OF CAPITAL OUTLAY — REFORM, REVIEW AND UPDATE
 —Christine Chavez and Linda Kehoe, Legislative Finance Committee
 —George McGeorge, State Auditor's Office
 —Mark Valdez, director, State Board of Finance
 —Debbie Romero, capital projects coordinator, State Budget Division
- 4:00 p.m. PPRF INTEREST RATES
 —Harold Kious, President, Kious & Company
- 5:00 p.m. ADJOURN

TENTATIVE AGENDA
for the
NEW MEXICO FINANCE AUTHORITY OVERSIGHT COMMITTEE

January 19, 2004
Room 307
State Capitol

Monday, January 19

1:30 p.m. CALL TO ORDER
 —Representative Daniel P. Silva, Chair

1:35 p.m. NEW MEXICO FINANCE AUTHORITY (NMFA) — PROPOSED
 LEGISLATION
 —David Harris, Executive Director, NMFA
 —Carlos Romero, Director, Intergovernmental Relations, NMFA

 ADJOURN

MINUTES FOR NMFA OVERSIGHT COMMITTEE MEETINGS

**MINUTES
of the
FIRST MEETING
of the
NEW MEXICO FINANCE AUTHORITY OVERSIGHT COMMITTEE**

**June 16, 2003
Room 307, State Capitol**

Representative Daniel P. Silva, chairman, called the first meeting of the New Mexico finance authority oversight committee to order at 10:15 a.m. on Monday, June 16, in room 307 of the state capitol.

PRESENT

Rep. Daniel P. Silva, Chair
Sen. Clinton D. Harden, Jr.
Sen. Mary Kay Papen
Sen. Shannon Robinson
Sen. Nancy Rodriguez
Rep. Raymond M. Ruiz
Rep. Henry Kiki Saavedra
Sen. H. Diane Snyder
Rep. Sheryl Williams Stapleton
Rep. Don Tripp

Advisory Members

Rep. Jose A. Campos
Sen. Dianna J. Duran
Rep. Mary Helen Garcia
Sen. Mary Jane M. Garcia
Sen. Bernadette M. Sanchez
Rep. Edward C. Sandoval
Rep. Luciano "Lucky" Varela
Rep. Robert White

ABSENT

Sen. Pete Campos, Vice Chair
Sen. Manny M. Aragon
Rep. Dona G. Irwin
Sen. Don Kidd
Rep. Brian K. Moore
Rep. Earlene Roberts

Rep. Donald E. Bratton
Rep. Anna M. Crook
Sen. Joseph A. Fidel
Rep. Roberto "Bobby" J. Gonzales
Sen. Stuart Ingle
Rep. Ben Lujan
Sen. Leonard Lee Rawson
Sen. Richard M. Romero
Rep. James G. Taylor

Staff

Renée Gregorio, Legislative Council Service (LCS)
Jon Boller, LCS
Alfred Creecy, LCS

Guests

The guest list is in the meeting file.

Copies of all handouts and written testimony are in the meeting file.

Chairman Silva welcomed David Harris to his new position as executive director of the New Mexico finance authority (NMFA); Mr. Harris then introduced several members of his staff. He discussed the passage of Senate Judiciary Committee Substitute for Senate Bill 429, which allows the NMFA to make loans without specific legislative authorizations for projects that are considered to be critical economic development projects. The NMFA urgent economic development project rules and regulations were adopted on May 22, 2003 by the board of directors of the authority and approved unanimously by the oversight committee at this meeting. In response to a question regarding what the "urgent" designation means, Mr. Harris pointed out that projects seeking funding under this designation must be certified by the economic development department, showing that the project meets certain criteria that will benefit the concerned community in terms of attracting jobs or otherwise increasing local revenue. It is also required that NMFA determine that the financing of such projects is so urgent that the project could be jeopardized if the financing is delayed until legislative approval is given. In response to a question regarding the maximum amount available to be loaned through this method, Carlos Romero of the NMFA replied that the limit for each loan is \$2 million, with a maximum per fiscal year of \$20 million.

Mr. Romero presented an overview of legislation directly sponsored by the NMFA oversight committee as well as all bills that affect the authority. Committee-sponsored bills that were signed into law include:

- HB 834/a, the public project revolving fund project approval bill, which appropriated a total of \$600 million;
- HB 217, which amends the NMFA statute to expand the definition of "qualified entity" to include acequia associations and public improvement districts; Native American tribes, pueblos and nations; and federally chartered colleges in New Mexico;
- SB 109, which appropriates the state match for the federal Safe Drinking Water Act of 1974 funds; and
- HB 195, which amends the Teacher Housing Revenue Bond Act.

Bills sponsored by the committee that died include the water and wastewater project grant fund approval bill, the water and wastewater planning fund appropriation bill and a bill that would have allowed the NMFA to make loans to school districts.

Several bills were passed by the legislature and signed into law that affect the NMFA. Please see the handout in the meeting file for details of this legislation.

Questions were raised concerning the passage of HB 219, signed into law by the governor, which changes the control and oversight of finances for the NMFA, imposing the same

supervision on the authority that state agencies currently have. This weakens the NMFA's status as "separate and apart from the state", possibly making it unfeasible for the authority to issue bonds payable from money received by the NMFA from annual leases of property to state agencies. Mr. Harris stated that anything the authority can do to improve accountability, it would want to do in a public manner. He added that state agencies have a relationship to the department of finance and administration that the NMFA does not have, but that the NMFA has always complied with the state's Audit Act and Procurement Code.

In response to a question on the demise of SB 800, which would have allowed behavioral health clinics to be seen as qualified entities under the Primary Care Capital Funding Act, Mr. Romero stated that most of the entities that would have been affected are nonprofits. As such, they do not have many avenues from which to seek funding. Several committee members expressed concern over this issue, stressing the need for a funding solution for rural primary health care centers that are otherwise suffering in this state.

Ana Marie Ortiz, director of the field operations division of the department of environment, presented an overview of the drinking water state revolving loan fund. She indicated that the federal Safe Drinking Water Act of 1974 is extremely cumbersome to work with, especially for small systems. The drinking water bureau is the primary agency to establish assistance priorities and carry out oversight for the drinking water program. The bureau provides technical assistance and advice to water systems as well as assists them in developing and implementing long-term compliance strategies. At the state level, a program in force now ensures that public water supplies comply with federal and state regulations. Surveys are conducted to assess needs and deficiencies. A waterborne disease surveillance system has been implemented. Fernando Martinez spoke about the state's operator certification program and capacity development program, adding that the goal of the capacity development program is to provide community water systems with the necessary technical, managerial and financial assistance to maintain their capacity and to comply with federal regulations. Capacity development issues that local systems have to contend with include drought, insufficient water system infrastructure, limited financial resources, federal regulations such as the new arsenic standard and a lack of certified water system operators. The other local assistance program discussed was the source water assessment and protection program, which is funded partially from set-asides and includes a wellhead protection program as well as a sanitary survey program, state drinking water information system and waiver program.

Mr. Harris then explained the refinancing of 1995 and 1996 NMFA bonds, due to the current low rates, allowing for a savings of \$1.7 million. He advocated the need for looking at refinancing outstanding debt for severance tax and general obligation bonds while this good interest rate exists.

Lastly, the committee approved the proposed work plan and meeting schedule, with minor changes, including shifting the proposed Clovis meeting to Ruidoso, adding Sunland Park to the August meeting schedule and changing the final meeting to January 19, 2004.

The meeting was adjourned at 12:40 p.m.

**MINUTES
of the
SECOND MEETING
of the
NEW MEXICO FINANCE AUTHORITY OVERSIGHT COMMITTEE**

**July 10-11, 2003
Room 103, ATVI Workforce Training Center**

Representative Daniel P. Silva, chairman, called the second meeting of the New Mexico finance authority oversight committee to order at 10:20 a.m. on Thursday, July 10, in room 103 of the Albuquerque technical-vocational institute's workforce training center.

PRESENT

Rep. Daniel P. Silva, Chair
Sen. Manny M. Aragon (7/10)
Sen. Clinton D. Harden, Jr.
Sen. Don Kidd (7/10)
Rep. Brian K. Moore
Sen. Mary Kay Papen (7/11)
Rep. Earlene Roberts
Sen. Shannon Robinson
Rep. Raymond M. Ruiz
Rep. Henry Kiki Saavedra
Sen. H. Diane Snyder
Rep. Sheryl Williams Stapleton

ABSENT

Sen. Pete Campos, Vice Chair
Rep. Dona G. Irwin
Sen. Nancy Rodriguez
Rep. Don Tripp

Advisory Members

Rep. Donald E. Bratton
Rep. Jose A. Campos
Rep. Anna M. Crook
Rep. Mary Helen Garcia
Sen. Mary Jane M. Garcia
Rep. Roberto "Bobby" J. Gonzales (7/10)
Sen. Bernadette M. Sanchez
Rep. Edward C. Sandoval (7/11)
Rep. James G. Taylor (7/10)
Rep. Luciano "Lucky" Varela
Rep. Robert White

Sen. Dianna J. Duran
Sen. Joseph A. Fidel
Sen. Stuart Ingle
Rep. Ben Lujan
Sen. Leonard Lee Rawson
Sen. Richard M. Romero

For those who attended only one day of the meeting, that day is noted.

Staff:

Renée Gregorio, Legislative Council Service (LCS)
Jon Boller, LCS
Alfred Creecy, LCS

Guests:

The guest list is in the meeting file.

Copies of written testimony and handouts are in the meeting file.

Thursday, July 10

Michael Glennon, president of Albuquerque technical-vocational institute, welcomed the New Mexico finance authority oversight committee to the institute's workforce training center and discussed projects that the institute has been involved in of late, including community development and corporate re-training.

David Harris, executive director, and Carlos Romero, director of intergovernmental relations, of the New Mexico finance authority (NMFA) presented information on projects currently being implemented by the authority that were approved as grants by the water trust board. NMFA is responsible for administering the water project fund as well as making determinations of financial capacity and structure to the water trust board. Mr. Harris indicated that the water trust board sought applications from all areas of the state charged with the responsibility of developing regional solutions to the state's water problems. Last fall the water trust board received 65 applications for projects relating to water storage, conveyance and delivery; implementation of the Endangered Species Act; restoration and management of watersheds; and flood prevention. These projects were all prioritized by the water trust board and authorized by the legislature. Mr. Harris remarked that although the money appropriated seems like a large amount, for example, \$1.9 million for the San Juan-Chama diversion project, that project could easily take in excess of \$100 million to complete. He added that the state needs to develop financial strategies for these projects to ensure federal contributions.

In response to a question about the charge of the drought task force, Mr. Romero said that the task force is called upon by communities when they find themselves in an emergency water situation. When a community calls for help, a strike team is sent out to assess the situation to ensure it is drought-related. If it is, the team makes a recommendation to the task force, which in turn recommends that the governor declare an emergency and release funds to help that community. Governor Johnson identified about 70 communities and 15 areas needing immediate relief, to which water was delivered last year. Governor Richardson is currently looking at five areas of the state with emergency water situations. Mr. Romero spoke of the importance of approaching water solutions regionally, which is being done in some areas, including Espanola and the Gallup area. In the ensuing discussion, Representative Varela expressed the need to require regional solutions to water problems, noting that the city and county of Santa Fe cannot seem to find a solution to the area's water problems between them. Mr. Harris added that there is no easy solution, with a complex water culture made up of acequia associations and mutual domestics. There is also no statewide policy on storage or evaporation.

Chairman Silva asked NMFA for a report of projects completed by fiscal year and asked about a state water plan. Mr. Harris indicated that a plan that will identify local funding streams should be completed in August.

Donzil Worthington, senior project manager for Souder, Miller and associates, informed

the committee of the severe water shortages in the Pajarito Mesa area. Although there are still water rights issues that need to be settled, the federal rural utilities service (RUS) has stepped in with a \$500,000 grant to help alleviate that community's water difficulties.

After lunch, Mr. Paul Hartenberger, special projects coordinator, gave the committee a tour of Isotopes park, the new baseball stadium funded largely by NMFA.

Tim West, division director, Mary Murnane, water resources program manager, and Roger Paul, technical services department manager, all of the Bernalillo county public works department, and Greg Olson of the city of Albuquerque public works department comprised a panel that spoke to the committee on the status of water and wastewater projects in the north and south valleys. Ms. Murnane reported that the estimate for the total funding necessary to complete the water and wastewater improvement projects in the north and south valleys is now \$119 million. To date, the total federal contribution is close to \$17 million. The state legislature appropriated a total of \$20 million, parceled out at \$4 million the first year of the appropriation and \$2 million each year thereafter. Bernalillo county appropriated \$30 million in revenue bonds to these projects and the city of Albuquerque appropriated \$21 million in utility bonds. Ms. Murnane stated that all of the federal funding is committed to projects that are now in design or construction phases. To date, the state funding committed to projects totals \$16.9 million. (See handout for a detailed listing of the status of individual project funding.)

Mr. Paul discussed the projects currently in construction, including the area D and E sewer and vacuum station projects and the Pajarito sewer project. Mr. Olson reported that the east half of the Polk sewer system project is completed, with easement issues delaying completion of the west half. Mr. Paul further discussed projects in design phases, including identifying areas in the north and south valleys that he called "completion areas", or areas that have been left behind, such as the Hunter project.

In response to questions on the cost of providing utilities to homes, Mr. Paul reported that the whole focus has been to provide extension projects to unserved areas, not new developments, which amounts to approximately \$6,000 per lot. Questions were then raised by committee members concerning the heftiness of this cost and what sort of financing is available for individual homeowners. Mr. West indicated that there is an assistance program for qualified, disadvantaged clients and that the utility charge can be financed over time. Ms. Murnane pointed out that the cost to the homeowner is really only from the "stubout" to the home because service is provided to the lot.

The meeting recessed at 4:30 p.m.

Friday, July 11

George McGeorge from the state auditor's office and Christine Chavez from the legislative finance committee presented highlights of a report the two agencies compiled, entitled "Review of Administration and Monitoring of Capital Outlay by Selected Oversight Agencies". The agencies monitored include the local government division of the department of finance and administration (DFA), the state department of public education, the department of environment, the aging and long-term care department, the property control division of the general services

department and the Indian affairs department. The intent of the review was to determine if data in the DFA capital projects monitoring system is reliable. Mr. McGeorge and Ms. Chavez cited many cases where the oversight and monitoring of projects is weak. These include inconsistent tracking methods among agencies; different number systems; inadequate documentation review; inadequate files; insufficient site visits; delays in payments; inadequate cash reconciliations; concerns regarding what appropriations are subject to the Art in Public Places Act as well as how those funds are transferred to the cultural affairs department; delays in the spending of capital outlay appropriations; noncompliance issues related to capital outlay appropriations, often due to ambiguous language in the legislation; encumbered money even without a valid commitment for it; and a difficulty in determining what money should revert from prior appropriations. Also cited in the report is the inappropriate use of severance tax bonding funding for projects that have a life of less than 10 years, such as computers and vehicles. Many oversight agencies also do not have specific policies and procedures in place for the tracking and monitoring of capital projects; indeed, many do not have the personnel on hand to do this either.

Representative Sandoval pointed out that this report deals specifically with agencies, not with the legislature. He spoke of the responsibilities of the capital outlay subcommittee that hears the capital requests on the house side, adding that the committee listens to each request, makes recommendations for language changes based on agency input and ensures that the projects are valid. He expressed a concern that any efforts to change the process must include the fact that legislators need to remain sensitive to the smaller communities' needs throughout the state. He added that legislators need to work more closely with local entities to determine actual need.

In the ensuing lengthy discussion, many committee members expressed concern over the process, stating the importance of being responsive to their constituencies. Representative Garcia suggested that a checklist of all policies and procedures regarding capital would be useful to legislators; Representative Varela suggested that legislators need to be made aware of statutory requirements and standards for capital outlay. Ms. Chavez pointed out that one idea under consideration is to take the oversight for capital out of the individual agencies and form one capital outlay oversight bureau. David Harris spoke to the governor's view of the capital process, noting that many projects are broken down into such small increments that it makes no sense to go into debt for 10 years for a \$2,000 project, for example. He cited 150 appropriations that did not move forward through the process either because of lack of interface with the community receiving the funding or because of anti-donation issues. He indicated that the governor would like to see a more integrated and planned capital process, while remaining flexible and sensitive to the legislative process.

Several representatives from various agencies reported on the funding sources they work with for capital projects, what prioritizing process they have in effect, how projects are tracked and how the process and interface with the legislature could be improved. Richard Rose, department of environment, Bernie Teba, Indian affairs department, and Chris Ortega, department of transportation, all gave reports, and Samuel Ojinaga from DFA was available for questions. Mr. Rose reported on the six programs that the constructions programs bureau administers, including both state and federal programs. Please see the handout for specific details on these programs as well as the project status under each. Mr. Rose emphasized the

need to appropriate enough money for a project so that the projects can actually be completed. He also advocated a combining of needs in areas of the state, looking at overall problems and solutions rather than individual ones. Mr. Teba stated that the Indian affairs department primarily administers and oversees whatever projects the legislature defines as priorities. He indicated that many projects get hung up in the Navajo Nation's planning process. The Indian affairs department does provide technical assistance to the tribes related to their funded projects. Mr. Ortega reported that the department of transportation administers 150 to 300 capital projects per year that originate through the legislative process; in addition, they could be administering as many as 800 to 1,000 projects at any one time through all their programs and sources. He added that \$7.24 million was appropriated through severance tax bonds during the 2003 legislative session, \$5.61 million was appropriated through the general fund and \$4.5 million was appropriated through the state road fund.

Minutes were unanimously approved by the committee from its first meeting on June 16. Finally, representatives from Pathways, Incorporated, visited with the committee concerning a loan of \$500,000 that they are requesting through NMFA. Carlos Romero stated that NMFA can make loans at a market rate to mental health clinics. Representative Sandoval made a motion to support this funding for Pathways, which was unanimously approved by the committee.

The meeting adjourned at 12:10 p.m.

**MINUTES
of the
THIRD MEETING
of the
NEW MEXICO FINANCE AUTHORITY OVERSIGHT COMMITTEE**

**August 18-20, 2003
Deming and Sunland Park**

Representative Daniel P. Silva, chairman, called the third meeting of the New Mexico finance authority (NMFA) oversight committee to order at 10:20 a.m. on Monday, August 18, 2003, in room 144 of the Mimbres Valley special events center in Deming.

PRESENT

Rep. Daniel P. Silva, Chair
Rep. Dona G. Irwin (8/18, 8/19)
Sen. Mary Kay Papen
Sen. Shannon Robinson (8/18, 8/19)
Rep. Raymond Ruiz (8/19, 8/20)
Rep. Henry Kiki Saavedra
Sen. H. Diane Snyder
Rep. Sheryl Williams Stapleton (8/18, 8/19)
Rep. Don Tripp

Advisory Members

Rep. Jose Campos (8/18, 8/19)
Rep. Anna M. Crook
Rep. Mary Helen Garcia
Sen. Mary Jane M. Garcia (8/18, 8/19)
Rep. Ben Lujan (8/19, 8/20)
Sen. Leonard Lee Rawson
Sen. Richard M. Romero
Rep. Edward C. Sandoval
Rep. James G. Taylor
Rep. Robert White (8/18, 8/19)

ABSENT

Sen. Pete Campos, Vice Chair
Sen. Manny M. Aragon
Sen. Clinton D. Harden
Sen. Don Kidd
Rep. Brian K. Moore
Rep. Earlene Roberts
Sen. Nancy Rodriguez

Rep. Donald E. Bratton
Sen. Dianna J. Duran
Sen. Joseph A. Fidel
Rep. Roberto "Bobby" J. Gonzales
Sen. Stuart Ingle
Sen. Bernadette M. Sanchez
Rep. Luciano "Lucky" Varela

(Attendance dates are noted for members who did not attend the entire meeting.)

Staff

Renee Gregorio, Legislative Council Service (LCS)
Jon Boller, LCS
Alfred Creecy, LCS

Guests

The guest list is in the meeting file.

Copies of written testimony and handouts are in the meeting file.

Monday, August 18 — Mimbres Valley Special Events Center, Deming

Senator John Arthur Smith (D-Dona Ana, Hidalgo, Luna and Sierra counties) and John Strand, city administrator, welcomed the New Mexico finance authority oversight committee to Deming. Mr. Strand spoke to the committee about ongoing capital projects, including a water line extension around Deming to network the system, for which the city received a \$450,000 grant and is borrowing another \$2 million from the NMFA. Another NMFA grant helped the city with its Peru Mill reclamation project, for which tailings have been reclaimed, but much cleanup remains. The city still needs \$300,000 to complete this project. Mr. Strand emphasized that the area mainly needs to expand infrastructure and to beautify. In response to a question on whether Deming is promoting tourism, Mr. Strand replied affirmatively, saying that Deming has always been on the way to somewhere else, and thus its residents have always realized the need to cater to strangers and travelers. He remarked that the city has an active tourism budget. Mr. Strand cited a project for which the legislature has funded phase 2, which is a project that has transformed an ugly pit in the downtown area into a much-used park, complete with quail and owl habitats.

Joan Atencio, mayor of Santa Clara, a village of 1,944 residents, detailed the emergency funding received by the village for repair of well pumps. She indicated that the village would be having a very difficult time without the assistance it has received from emergency grant funds. She added that the volunteer fire department is in the process of receiving a loan for the purchase of needed fire trucks. Ms. Atencio remarked that the major source of income for the village is generated from domestic charges to local residents for the sale of water.

Rudolfo Martinez, mayor of Bayard, a village of 2,534 residents, focused on the two loans that the village has received recently, one for a pumper truck and another for police units. He indicated that the village needs \$400,000 to upgrade wells to bring potable water into the existing system. Mr. Martinez said that the unemployment rate in Bayard is 18 to 20 percent. Even though the labor force is quite skilled, it remains difficult to attract businesses to the area.

David Diaz, mayor of Hurley, a village of 1,400 residents, said that the village has used grant money received from the NMFA to pave streets and improve water and wastewater systems. The town's only revenue is from water and sewer fees. Without the grants received, the village would not survive, he observed.

Priscilla Lucero, deputy director of the southwestern New Mexico council of governments, reported that most of the projects funded in the area she oversees have been for water and wastewater improvements. The area has received \$119,000 in emergency grant funding and currently has six applications in for planning or infrastructure projects. She reiterated the great needs of this area of the state.

Carlos Romero of the NMFA emphasized the fact that it is often difficult for these smaller towns and villages to take on debt; they do not have the gross receipts tax base with which to do so. The NMFA has created a mechanism to deal with severe economic downturns; for instance, it was able to increase grant money for Bayard by 20 percent, despite the fact that the revenue base has dropped so drastically.

In response to a question regarding how the council of governments works in this area,

Ms. Lucero said that she does grant writing for the communities, amounting to about 15 grants each year. The council also assists in creating capital improvement plans by meeting with local governments to plan and prioritize projects. Representative Silva asked the mayors for a listing of projects recommended to the committee during the meeting.

Judy Ward of the Silver City-Grant county economic development corporation presented the committee with an overview of the difficulties and initiatives in developing southwest New Mexico. The area is composed of four counties — Catron, Grant, Hidalgo and Luna — amounting to 14 percent of the state's total land area. Ms. Ward reviewed the unemployment rates in those counties, with Luna county having the highest at 24.1 percent and the county average at 13.25 percent. In response to questions regarding the counties' workforce, Ms. Ward reported the workforce is plentiful, educated and dedicated. Much of the work is seasonal, which can include work for the months of February through October. Educational institutions in the four-county area include western New Mexico university, the global resource center, the small business development center and the Mimbres Valley learning center. The small business development center has 19 active clients currently, Ms. Ward noted. She delineated county populations and economic development projects for each of the four counties, including infrastructure development, a call center building and an industrial park. Ms. Ward mentioned that with the recent sale of Playas to New Mexico Tech, the area could expect approximately 200 jobs. In response to an earlier question by committee members concerning the effect on local governments if the gross receipts tax on food is eliminated, Ms. Ward indicated that eliminating this tax would be extremely detrimental to southwestern New Mexico.

Howard Hutchinson of the coalition of Arizona-New Mexico counties reported on the Gila river water project, beginning by giving a brief history of federal legislation affecting New Mexico's water. He spoke of the Colorado Basin Project Act, which authorized central Arizona and the Animas-La Plata projects that provide for water use in New Mexico, adding up to an additional 18,000 acre-feet of water for the Gila and San Francisco basins. New Mexico was drawn into the Arizona versus California lawsuit in the early 1960s, but Mr. Hutchinson stated that New Mexico did not come into the suit very prepared and has lagged behind as a state in claiming water and putting it to beneficial use. Federal legislation that calls for adjustments to the central Arizona project apparently ignores New Mexico's 18,000 acre-foot water allocation. Mr. Hutchinson added that none of what will happen in the southwestern part of the state in terms of economic development will be possible without water. He said that the area is mining its underground aquifer at present, but this has only a 40-year life.

Mr. Hutchinson believes that New Mexico could be a model for the west in terms of its development of ecological resources. Immediate fiscal needs include an appropriation of \$200,000 to complete the southwest New Mexico regional water plan, which is essential for establishing future needs of that 18,000 acre-feet of water. In the future, a storage facility will be needed for this additional water, at a cost of \$180 million. New Mexico will also need to repay its share of the central Arizona project's capital costs, at approximately \$30 to \$60 million. A regional water authority is being created to help in having a revenue-gathering capacity to cover these costs. Mr. Hutchinson reported that most of the costs will be covered by the water users themselves. He added that his organization hopes that the legislature appropriates funding through the NMFA for the above projects.

State transportation issues and initiatives were discussed next in reports from Alvin Dominguez, district 1 engineer, Bud Hettinga, state transportation commissioner, and Rhonda Faught, secretary of transportation. Mr. Hettinga began by stating that the department of transportation needs \$100 million in recurring revenue dedicated to the state road fund. He added that he believes voters will not approve a tax increase unless is dedicated to roads. The top priority would be work on the Coors interchange.

Mr. Dominguez discussed projects in district 1, including the Sunland Park extension drive project, which received \$4 million in federal money for this \$12 million project. Phase 1 is currently under construction. Other projects he spoke of include the road from Santa Teresa to the Texas state line, a diesel lane, equipping the Santa Teresa port of entry, building a truck bypass at the Columbus port of entry, fencing at Antelope Wells and overlay of New Mexico state road 11, which received \$2 million from the legislature.

Ms. Faught highlighted roads with critical needs (see handout). Needs for improvements to roads in the state, as indicated in the statewide transportation improvement program, total \$1.4 billion. Ms. Faught reported that the state has fallen behind more and more on improving its roads. She said that the department is attempting to find ways to receive more federal funding, but that even without new funding, New Mexico must maintain its highways. Without this required maintenance, federal funding could be lost. She reported that new legislation could help the department accomplish this funding, as well as assistance from the NMFA. Ms. Faught stressed that the state's economy is dependent on its highway and transportation system and that something must be done to improve that system. She suggested that the state begin to find ways to tax trucks passing through it. She reported that New Mexico charges a \$15.00 overweight fee, regardless of the amount of that overweight. Montana, for example, charges a fee from \$250 to \$1,200, depending on degree of overweight.

In response to a question about obtaining more federal funding for roads, Mr. Hettinga pointed out that the state is obligated to match federal funds in order to continue to receive those funds. He added that the legislature has a responsibility to fund roads so that these matches are made, noting in particular the 23,000 miles of roads in the state that need to be improved for safety at present.

Ms. Faught ended the discussion by stressing the discrepancies between New Mexico and its neighboring states, citing the fact that Arizona spends \$1.3 million per mile, whereas New Mexico spends \$20,000 per mile on highway improvements.

Tuesday, August 19 — Sunland Park Racetrack and Casino, Sunland Park

Scott Scanland, lobbyist, welcomed the committee to Sunland Park racetrack and casino and fielded questions related to the gaming compact's effect on individual casinos. Senator Romero stressed that legislators need to discuss gaming's impact on the compacts and become better informed before passing any legislation.

Jaime Campos, executive director of the border authority, reported in detail on current projects of the authority (see handout). A truck bypass was completed at Santa Teresa in July for a total cost of \$230,000. Mr. Campos stated that the authority is working with local, state and federal agencies to co-locate commercial truck inspections to expedite trade at the Santa Teresa

port of entry. He indicated that the way inspections are being conducted is the biggest obstacle to trade at present. Jim Creek, project manager at the authority, spoke of the uniqueness of the Columbus port of entry because those who cross at this entry point spend money in New Mexico. He added that the Columbus port of entry needs to double in size, and that the authority is working with the congressional delegation to improve the crossings at Santa Teresa, Columbus and Antelope Wells. Mr. Campos added that the Columbus port is the only one open 24 hours a day. In response to a question about expanded hours at Santa Teresa, Mr. Campos indicated that federal support is needed before this can happen. In terms of the Berrendo/Antelope Wells port of entry, the authority has been making efforts with the state of Chihuahua, with the main interest at this port being tourism and opening the corridor to Lordsburg. Mr. Campos spoke of the "super booth" checkpoint at the Mariposa/Nogales port of entry, which allows for faster inspections in one location.

Mr. Creek thanked legislative members for funding for a new office facility for the border authority, adding that the facility may end up being a multi-agency facility. He also mentioned that the passage of legislation has finally allowed for the harmonization of fees paid in Texas and New Mexico. Mr. Campos spoke about the overstaffing at the Santa Teresa port of entry; he indicated that the state motor transportation division could perform inspection duties on its own, that there is no need for federal inspectors to be there as well. Representative Lujan questioned if the authority has worked with the department of transportation and the congressional delegation on this issue and advocated that the authority follow up in this way. In response to a question from Representative Silva on what the inspections involve, Mr. Creek said that there is a specific protocol related to commercial vehicle safety that is the same throughout the United States. Licensure and insurance are also checked; state inspections are done for weight and permitting. A level 1 (full) inspection takes one hour; lesser inspections take from five to 15 minutes. Difficulties relate to how detailed and how often the inspections are done, some unnecessarily, to the 60- and 90-day stickers not functioning as they should, and to some reported forms of harassment of non-bilingual drivers. In response to a question about what this committee could do to assist the authority, Mr. Creek and Mr. Campos asked for the committee's support as well as the state's to persuade the feds to equalize New Mexico's inspection rate with El Paso's. They expressed the need to have the federal department of transportation off the border because the state of New Mexico can fulfill this function on its own.

David Harris, executive director, and Carlos Romero, director of intergovernmental relations, NMFA, presented reports related to programs and financing under the NMFA as well as the status of the Santa Ana loan. (See handouts for details of each NMFA program.) Mr. Harris gave the committee a breakdown of the number of projects and project amounts for each program. He added that new economic development initiatives are being brought forth, whereby a project is certified through the economic development department with gross receipt taxes pledged for infrastructure, such as with the cheese factory in Clovis, which was a collaborative effort.

Mr. Harris pointed out that 75 percent of the water in New Mexico is used by those who do not live in cities and are therefore not a major part of the rate base. Mr. Romero indicated that there are about 700,000 users and 200,000 ratepayers. Representative Lujan suggested that leveraging federal money by combining local and state funds whenever possible would help the state meet its diverse water needs.

Mr. Harris gave a report on the status of the Santa Ana refinancing loan, beginning by pointing out that tribal governments have had the authority to apply for financing through the NMFA since 1995. He said that Santa Ana invested \$100 million to buy the Tamaya resort, but could not sustain making payments after September 11, when usage of the resort dropped. The pueblo then took a short-term loan from Wells Fargo and was willing to offer a "limited waiver of sovereign immunity" in the case of this loan, waiving its right to any default in tribal court. Mr. Harris also detailed how the tribe would pay back the loan on a daily basis, amounting to \$15,000 being deposited daily in the NMFA debt service account, making it easier for the NMFA to know if the tribe could continue servicing its debt. At present, Mr. Harris stated, the loan application for Santa Ana is on hold, pending the tribe securing a BIA loan guarantee. Mr. Harris added that although the board of the NMFA will not move forward now with this loan, the loan would be very beneficial and that it is not a business loan, but a tribal refinancing loan.

In response to much legislator concern over the perception that this loan is gaming-related, Mr. Harris indicated that when Santa Ana first received its loan from Wells Fargo, it had no other significant revenue other than casino-related revenues, so Wells Fargo went for its main source of revenue. He added that this is no longer the case, but that Santa Ana generates income in all four of its enterprises (Hyatt Regency Tamaya resort, Twin Warriors golf course, Santa Ana golf course and Santa Ana Star casino). He said that the tribe never wanted to pledge its casino income. Mr. Romero said that the NMFA has completed four refinancing projects for other cities and counties and has helped those entities to save over \$2 million. He reminded the committee that the debt of NMFA is not the debt of the state. Mr. Harris said that the NMFA cannot finance a "gaming entity" and that this loan would not be doing that, but would be refinancing tribal debt that would be paid back in part through gaming revenue. Mr. Romero added that none of the debt the NMFA would be refinancing would be related to gaming infrastructure. In response to questions concerning the possibility of other tribes seeking refinancing, Mr. Harris said that many tribes would never even apply for a loan because they would not be willing to give up their sovereign immunity and that Wells Fargo gave Santa Ana the loan without asking the pueblo to give up that immunity and without the BIA guarantee.

Rachel King, deputy secretary of economic development, spoke to the committee about several economic development initiatives. The first is the economic development corporation, formed during the last legislative session as a public-private entity that would market to out-of-state companies, enticing them to come to New Mexico. Ms. King called this effort ambitious recruiting. She also talked about the certified community initiative, a program put into place in conjunction with economic development offices around the state, that allows communities to demonstrate that they have infrastructure in place to generate economic development. After meeting certain criteria and becoming certified, the department would then give money to the certified communities. The Native American economic development program involves working with tribes and pueblos to set up incentives and financing packages for economic development projects on tribal lands. Finally, a military base planning and support office has been set up to work with communities with military facilities to ensure that they are safe.

In response to a question on the nature of the private equity fund, Ms. King stated that the fund was created in the state investment council office, with some money going to economic development projects. Projects will be recommended for funding that clearly bring jobs to the state, she added.

Della Duran, acting director of the Mexican affairs and trade division, informed the committee of the responsibilities of that division. These include increasing trade with Mexico, improving the state's relationship with the Mexican federal government as well as individual states and coordinating Mexican affairs activities among all state agencies with the goal of streamlining border development activities. Ms. Duran highlighted each of these responsibilities in detail (please see handout for specifics). She added that the governor's leadership position has allowed the department to relate to the Mexican government like never before. Representative Lujan expressed interest in bringing various factions together, including the governor's group on border issues and the legislative group. Because their issues are definitely related, he advocated coordination between the two groups. In response to committee member complaints about the way the visit from the president of Spain was handled by the governor's office, Senator Romero suggested that the governor be informed that legislators were disgruntled with the lack of advance notice about his visit.

Mariano Martinez, director of the Dona Ana mutual domestic water consumers association (MDWCA), and Karen Perez, Souder, Miller and Associates, reported on a regional water management and wastewater treatment project that will serve eight colonias in the north valley of Dona Ana county. Ms. Perez asked rhetorically why New Mexico is not practicing water re-use on a large scale, given the drought of the past several years. She added that the first priority is to protect the ground water, which means a good wastewater collection system is needed in this area. The Dona Ana MDWCA is looking at serving approximately 19,000 with this new system, which will cost about \$25 million. She added that the project is in the facility planning stage now and would like to be in construction by 2005. Representative Lujan asked if the association has the needed water rights to proceed, to which Mr. Mariano replied that at present they have 2,700 acre- feet, to which they can add leased or purchased surface water rights. In response to a question regarding receiving funding to make this project happen, Ms. Perez indicated that the Dona Ana MDWCA has applied for financing assistance from several sources, amounting to approximately \$67 million, including federal funding, rural utilities service funding, water trust board funding and a grant from the NMFA.

Jaime Aguilar of Sunland Park spoke briefly about the plans for the largest entertainment complex in the state, bringing new economic opportunities to the area. In response to a question about cost, Mr. Aguilar indicated that the second phase of the project will amount to \$4 million, the bridge construction, \$8 million, the border crossing, \$40 million, and the sports complex building on McNutt road, \$1.9 million. Other portions of the project include a city bus system, a river trail and a market for artisans.

The committee recessed at 5:20 p.m.

Wednesday, August 20 — Sunland Park Racetrack and Casino, Sunland Park

The committee approved the minutes from the last meeting, held on July 10-11 in Albuquerque.

Jeff Steinborn, field representative in southwest New Mexico for the office of Senator Jeff Bingaman, informed the committee of the work of the border security task force. He spoke of the current problem of undocumented immigrants getting across the 127 miles of mostly unprotected border. The task force was formed as a partner to the border authority to address the

infrastructure and personnel shortages as well as other problems along the border. They have been meeting every other week for months and are close to having a report done on solutions. Issues the task force is looking at in its subgroups include border communications, barriers and surveillance, staffing and facilities, cooperation between Mexico and the U.S., training and education and emergency preparedness and public health. (See handout for details of each subgroup's specific problems and solutions under these categories.) Mr. Steinborn highlighted the need for sheriff substations in Columbus and Animas, adding that the border patrol in these areas is understaffed. He said that Palomas is the port of choice for smugglers. In response to a question about infrastructure needs and federal funding, Mr. Steinborn indicated that it would be beneficial for the committee to support the governor in directing funding to the border region. He added that there is a state role in federal funding as the money flows through the state for the state's use.

Representative Saavedra remarked that the state is dealing with two separate issues at the border: crime and terrorism. He said that the federal government spends billions to protect this country and that perhaps federal money now needs to be placed in the hands of smaller communities along the border for protection. Representative Lujan said that the majority of people crossing the border are doing so to improve their lives. Representative Silva added that many cities and towns in New Mexico could not function without these workers arriving from Mexico.

Ruben Segura, mayor of Sunland Park, answered committee questions about the municipality's unemployment rate (18 percent), population and efforts made to employ the local population at Sunland Park. He reported that the racetrack has gone out of its way to employ locals, but that 80 percent of the local population is Spanish-speaking. The average age of the population is 25. Mayor Segura stressed the attention that his community gives in trying to encourage the population to stay in Sunland Park, through re-education efforts and by fostering a spirit of trade and commerce. Representative Lujan encouraged Mayor Segura to work with the economic development department in terms of seeking funding with which to attract businesses to the area.

Mark Brock and Rosario Holguin, the Holguin group, spoke to the committee regarding that company's secure origins project, a technology project that would use software and computerized surveillance technologies for border inspection. Part of what the Holguin group has done is to work with industry in the border areas to move inspections to the plant itself, allowing for expediting of industry trucks. The company is working to use the Santa Teresa port of entry as a model for this secure origins concept. They added that if maquiladoras knew that they would not have to wait for hours for inspections at that port, they would use it much more. By installing this system, this port could become a gateway into New Mexico, Mr. Brock remarked. Ms. Holguin stated that instituting secure origins at the port would have the effect of increasing use of the port, developing a center at Santa Teresa for monitoring truck crossings and making that port the center for monitoring trade.

Jan Carey of the motor transportation division of the department of public safety reported that it became clear that the Santa Teresa port of entry would not meet the transportation needs for commercial traffic as originally thought. The resulting idea is to build one facility by pooling all resources that would house the border authority, state police and tourism office, with a super

booth installed at customs. Mr. Carey spoke about the inspections done on trucks, mainly for safety, and of the duplication of efforts between the state and federal inspectors. Jaime Campos stated that the motor transportation division is certainly prepared to take full charge of inspections, if this can be worked out with the federal department of transportation. Mr. Carey detailed inspection procedures, commenting on the issue of stickers and federal regulations, which require trucks with trailers to be re-inspected in their entirety, even with a 90-day sticker intact. In the end, Mr. Carey suggested that the state needs to put into law its ability to cite and enforce trucks leaving the trade zone. On the issue of duplication of state and federal efforts in terms of inspection, Mr. Campos said that the border authority has been working with the congressional delegation to make this known to them and he feels they are willing to help get this resolved.

Jerry Pacheco, marketing director, Santa Teresa real estate development, agreed to come to the next meeting of the oversight committee to speak on border development issues.

The committee adjourned at 12:20 pm.

**MINUTES
of the
FOURTH MEETING
of the
NEW MEXICO FINANCE AUTHORITY OVERSIGHT COMMITTEE**

**September 30-October 1, 2003
Ruidoso Convention Center**

Representative Daniel P. Silva, chairman, called the fourth meeting of the New Mexico finance authority (NMFA) oversight committee to order at 10:25 a.m. on Tuesday, September 30 in room 5 of the Ruidoso convention center in Ruidoso.

PRESENT

Rep. Daniel P. Silva, Chair
Rep. Dona G. Irwin
Sen. Mary Kay Papen
Rep. Earlene Roberts
Rep. Raymond M. Ruiz
Rep. Henry Kiki Saavedra
Sen. H. Diane Snyder
Rep. Sheryl Williams Stapleton

ABSENT

Sen. Pete Campos, Vice Chair
Sen. Manny M. Aragon
Sen. Clinton D. Harden, Jr.
Sen. Don Kidd
Rep. Brian K. Moore
Sen. Shannon Robinson
Sen. Nancy Rodriguez
Rep. Don Tripp

Advisory Members

Rep. Jose A. Campos (9/30)
Rep. Anna M. Crook
Sen. Dianna J. Duran
Rep. Mary Helen Garcia
Sen. Mary Jane M. Garcia (10/1)
Rep. Edward C. Sandoval (9/30)
Rep. James G. Taylor
Rep. Luciano "Lucky" Varela

Rep. Donald E. Bratton
Sen. Joseph A. Fidel
Rep. Roberto "Bobby" J. Gonzales
Sen. Stuart Ingle
Rep. Ben Lujan
Sen. Leonard Lee Rawson
Sen. Richard M. Romero
Sen. Bernadette M. Sanchez
Rep. Robert White

(Attendance dates are noted for members who did not attend both days of the meeting.)

Staff

Renee Gregorio, Legislative Council Service (LCS)
Jon Boller, LCS
Alfred Creecy, LCS

Guest Legislators: Representative W.C. "Dub" Williams (9/30)
Representative Patricia A. Lundstrom

Guests

The guest list is in the meeting file.

Copies of written testimony and handouts are in the meeting file.

Tuesday, September 30

Mayor Leon Eggleston welcomed the committee to Ruidoso and Laurie McKnight, village administrator, began the local infrastructure discussion by citing a major project for the village: upgrading the wastewater treatment facility in conjunction with the city of Ruidoso Downs. The facility is 25 years old and is facing upgrades that will amount to between \$20-23 million, Ms. McKnight said. She added that although the village has received two environmental protection agency (EPA) grants, the balance is still quite large, and the village is aware that it needs to seek multiple sources of funding for the project. In response to a question about customer base, Ms. McKnight said that there are about 1,100 new connections in the planned expansion into seven priority areas. She added that the village of Ruidoso also needs a new fire station.

Ms. McKnight went on to say that the village of Ruidoso is currently debt-free, having recently paid off existing general obligation bond debt. The village has a bonding capacity of \$10.5 million. Representative Silva questioned if the village is working with the NMFA to obtain grant funding for the wastewater treatment plant. In response, Carlos Romero of the NMFA indicated that the village has applied for grants in the past two years, but that the legislature has not passed the bill that would authorize funding for such grants; only emergency funding has been available in that time. Discussion turned toward funding available through the fire protection fund and Ms. McKnight indicated that the village obtained approval from the state fire marshal to dedicate its funds for repayment of bonds for the fire truck purchase; Mr. Romero remarked that communities can dedicate one-half of these funds to debt, and that there is \$23 million available statewide.

Senator Papen asked what the village of Ruidoso is doing about clearing land for fire protection. Ms. McKnight offered that the village is on the forefront of setting standards and putting ordinances in place for safety and clearing. The village is in what is considered an "urban interface area", an area that is both urban and forested, which means there are several entities that need to be considered, including the county, municipality, state, federal government and tribes. Getting back to the wastewater treatment facility, Senator Snyder questioned how long a \$7 million expansion would remain useful for area needs. Ms. McKnight replied that the proposed expansion would take four to five years to complete and that the village is aware that it is dealing with an aging facility that it does not want to simply put a band-aid on.

John Waters, city administrator for Ruidoso Downs, stated that there are two municipalities within close range that share common problems with the treatment of wastewater. Both municipalities have agreed on the necessity of the plant expansion, but the EPA has placed a unique standard on the phosphorous levels in the area's water. Because of the EPA's requirement, the upgrade to the structures and capacity of the plant will include a filter that will put water at a cleaner standard than drinking water. Mr. Waters added that the village is committed to restoring the watershed as well as fixing the treatment plant, but that meeting the phosphorous standard within the EPA deadline of four months is a very difficult prospect. Mayor Eggleston indicated that the village is attempting to obtain an extension. The main concern he expressed is that the village has not determined that it can get rid of phosphorous, even with the new plant; indeed, the problem may not even be related to treatment, but could exist in the river downstream. In response to questions about the responsiveness of the department of environment, Ms. McKnight

said that the village has met with a representative from that department over the past year and the department has helped a lot with putting together a proposal for the EPA. Senator Duran suggested that a letter be drafted to the congressional delegation related to the financial difficulty placed on municipalities when federal regulations are unrealistic.

Mr. Waters spoke of the serious water problem in Ruidoso Downs: there is not enough water coming from its spring, storage space is short and more money is needed for the purchase of water rights and reservoir improvements. Mr. Waters added that the city has been turned down twice by the water trust board and drought task force and that assistance from the NMFA would be greatly appreciated. He said that the bonding capacity of Ruidoso Downs is less than 10 percent of that of Ruidoso. In response, Representative Lundstrom said that Gallup has been successful in getting federal dollars for the impact outside of the community or tax base.

Patrick McCourt, Alamogordo city manager, and Don Carroll, mayor, gave details on two projects accepted for funding by the water trust board: \$6.5 million toward a \$34.5 million desalinization project for the city and \$480,000 for forest thinning around Bonito lake to protect the watershed and prevent fire. The desalinization project received \$300,000 from the legislature several years ago; the federal government has added \$867,000; and the governor has dedicated \$3 million toward the project. In response to a question about the intended use of the water generated by the plant, Mayor Carroll stated that based on the city's 40-year water plan, an additional 10,000 acre-feet of water is needed, for which a maximum of 10 wells would be drilled. He added that the city is not interested in taking water out of agricultural use, but in looking at unappropriated saline water in the Tularosa basin. The mayor said that a conservation program is in place; Mr. McCourt said that although the air force completed rebuilding the Bonito pipeline so that larger amounts of water could flow through that line, the lake has dropped 13.5 feet and is still dropping. There is simply not enough water to meet the area's needs. In response to a question on the municipality's participation in the state water plan, the mayor indicated that there was a public hearing in Tularosa recently and suggested that a look at the statutes would be advantageous to see if any laws are in place that would inhibit or prohibit communities from forming regional water authorities so that municipalities and entities could get together and pool water rights. Representative Lundstrom stressed the hope that the legislature be given some real recommendations from the state water planning process this year.

Jerry Pacheco, marketing director, Santa Teresa real estate development corporation, addressed the committee on economic trends along the border, citing NAFTA as helping to increase the volume of trade by 109 percent in the free-trade area. Mr. Pacheco stressed the importance of the maquila industry, which evolved from labor-intensive, low-tech operations by small companies to more advanced operations in larger, Fortune 500 companies. He pointed out that exports from the maquila industry account for more than half of Mexico's total exports to the United States. In response to questions regarding what United States industries have maquila operations in Mexico, Mr. Pacheco named several large, recognizable companies, including Ford, Phillips, GM, Toyota and Chrysler, adding that the bulk of supplies and suppliers is U.S.-based. He stated that New Mexico needs to capture some of the suppliers that are currently going to El Paso. Mr. Pacheco indicated that what is needed is a program to capture companies; he said that the infrastructure in Santa Teresa is world-class. He also said that related taxes in New Mexico are 67 percent lower than in Texas, so there is really no reason for not drawing this business to the state. In response to a question about how much companies situated in Mexico contribute to

that economy, Mr. Pacheco said that last year \$75 billion was exported out of the maquila industry, making it Mexico's largest industry.

Mr. Pacheco also pointed out recent, more negative developments in the maquila industry, including the fact that 56 maquila plants relocated abroad in 2002; there has also been a decline in production and employment since October 2000. In response to questions about several companies relocating to China, Mr. Pacheco pointed out that companies in China guarantee a 12-hour work day, including tooling, but that their lead time is very long. He added that China will not remain a low-cost labor country forever, and that companies with intellectual property concerns will not take their business to China. He stated that Mexico offers better access to North American markets and a very qualified workforce.

Senator Papen asked how much business New Mexico does with Mexico, to which Mr. Pacheco replied that New Mexico ranks 37th in the country in its export business to Mexico. In 2002, export figures show Texas at the top with over \$41 billion in exports, California next with over \$16 billion, Arizona next with over \$3 billion and New Mexico last among the border states with over \$116 million. Mr. Pacheco questioned why the legislature does not have an ad hoc border committee. Representative Taylor added that the state needs to build on its relationship with Mexico and that legislators need to educate themselves about the Mexican government. He also stated that there is a need to change the existing mentality that sees border issues as only affecting the southern region of the state. (See the "Border Economic Trends" handout in the file for more details on the issue of increasing commercial traffic into New Mexico by creating a border commercial zone and attracting maquila suppliers to the state.)

Liz Bernal, executive director of the south central council of governments (COG) reported on revenue and programs for the COG she directs, which encompasses Socorro, Sierra and Dona Ana counties. (See handout for details of each program.) She mentioned in particular the housing needs in Socorro county, water and wastewater infrastructure needs in all counties and transportation and road improvements in the southern portion of Dona Ana county. In response to a question from Representative Garcia regarding Workforce Investment Act expenditures, Ms. Bernal deferred to Jerry Kloeppel, administrator. (See handout "Workforce Investment Act Directory" for details on expenditures.) Representative Garcia questioned Ms. Bernal on the seeming exclusion of Sunland Park from the list of grantees. Ms. Bernal responded that she has met with the mayor there in reference to a CDBG grant a few years ago and will again, and she assured the committee that the transit service will be tied to a transit service in Sunland Park to bring people to Las Cruces.

Lee Tillman, executive director of the eastern plains COG, represents 22 communities in seven counties. He reported that the COG is involved in several different infrastructure projects, mentioning in particular a city park project in Folsom that is a priority project, Folsom being one of the few communities without a park for its children. Mr. Tillman pointed out that infrastructure is whatever it needs to be, and centers on where the existing needs are. He added that housing is crucial infrastructure and that the COG staffs the regional housing authority, complementing its economic development activity. Other projects Mr. Tillman reviewed are an elderly housing project in Portales, co-locating TANF and the economic development corporation there and a training program and business development center. A major project of note in his area is the sustainable water supply project that encompasses the communities of Clovis, Elida, Grady,

Logan, Melrose, Portales, San Jon, Texico and Tucumcari; the counties of Curry, Roosevelt and Quay; and Cannon air force base. The project would allow for a long-term sustainable source of water for municipal and industrial use. Estimated costs for the project total about \$244 million, for which the COG is seeking federal, local and state funding.

Tony Elias, executive director of the southeast New Mexico economic development district COG, introduced his grant administrator, Dora Bautista. He stated that a financial profile is provided by each county to the COG, which is then used as a guide for the capital process. He added that the COG is constantly assisting local governments in implementing funds and that 295 projects were funded at a total of \$13 million this past legislative session in his COG's area, which includes Chaves, Eddy, Lea, Lincoln and Otero counties. He stated that the COG works with the smaller communities to assist in overall planning for the ICIP process. The COG holds public hearings in each of the five counties to allow counties to present their priorities before going before the legislature. The COG has made the local capital improvement request form mandatory because it is helpful to both the communities in terms of thinking through and planning projects as well as to the house capital outlay subcommittee when the project comes before it during the legislative session.

Lawrence Rael, executive director of the middle Rio Grande COG, which represents a little less than half of the state's total population, stated that the COG is creating regional opportunities to look at transportation and water issues in particular. He said his region is a widely varied one with both urban and rural concerns, requiring both collaboration and discussion to accomplish needed projects. Another area of concern that Mr. Rael spoke of is infrastructure related to homeland security, which he feels must be planned for and developed at a regional level. He added that COGs are a good resource to bring people together to look at issues. He said that COGs could help with the capital outlay process by assisting in managing at the local level. Representative Sandoval asked why other COGs are not as visible and helpful to the legislature as Tony Elias has been. Mr. Rael stated that other communities use lottery resources and individual legislators to request funding, and that the more urban areas tend to go directly to legislators with their requests.

Representative Taylor suggested that the COGs need to be empowered at the legislative level, making it more possible for these organizations to work more closely with the legislature. Mr. Rael remarked that it is often a challenge to the COG to get Native American representatives to be an official player in the COG. Representative Lundstrom said that the northwest New Mexico COG has been busy for the past 18 years in pulling together its complex district, made up of cities, counties and sovereign nations. She added that COG staff can often help in delineating a local capital improvement plan, and that as a legislator, she advocates for the needs of the chapters in her district. (See the "Systems Mapping" handout for specifics on the capital outlay process for the Navajo Nation.)

The committee recessed at 5:15 p.m.

Wednesday, October 1

The committee reconvened at 9:00 a.m. with a presentation by Leila Help-Tulley, staff assistant, office of the speaker, Navajo Nation council. Martha King, attorney for the Navajo Nation, supported Ms. Help-Tulley. Ms. Help-Tulley stated that in terms of the capital outlay

process, there are many uncoordinated and underfunded projects that come to the Navajo Nation through the legislative process. The Navajo Nation would like to work out solutions to the process, and she recommended possible solutions, including coordinating all chapter efforts into one legislative request or creating a fund to which unused money could be moved to complete projects. She added that there is a need for planning, clearances and assessments for projects and that such a center could be established within the Indian affairs department or through the COGs. Representative Lundstrom stated that when the legislative finance committee met in Gallup, her COG gave it a presentation related to capital outlay, especially around the issue of completing projects. She added that there are often issues around reimbursement, that individual communities as well as the Navajo Nation often do not have money up front for projects. Along with the Indian affairs department and the NMFA, the COG is meeting to come up with recommendations to the legislature. In response to a question about how much money is actually not being used, she said it amounts to \$25-30 million.

Ms. King mentioned that the Navajo Nation often has a bad reputation for how slow the capital process is, but that the real issue is that the projects that are funded have not been coordinated with the nation, and that many that are funded are in amounts inadequate to proceed with the project. Representative Varela then mentioned the report on capital outlay done by the state auditor's office, adding that committee members should look at this report. (This report was presented to members at the second NMFA oversight committee meeting in Albuquerque.) Ms. King stated that the Navajo Nation has general funds that it could use to match legislative funding, if projects are coordinated with the nation. Sam Cata of the Indian affairs department added that the most common situation is one in which an individual chapter gets legislative funding for a project, then applies to the nation for the remaining funding to complete the project, but the nation may decide not to give money to that project, so then the money sits idle. He said that the department met with the Navajo legislature this past session to attempt to get planned projects through the process. Representative Saavedra expressed discomfort at moving the responsibility for decision-making about capital projects entirely to the Navajo Nation, taking it away from individual legislators. Ms. King responded that they are merely suggesting that the nation would take a list to the legislature of its priorities, from which the legislature could then be informed and decide which projects to fund. Representative Lundstrom added that she has never received a list of priorities from the nation, but that she does receive priorities from individual chapters. She suggested that the NMFA could assist the Navajo Nation in finding funding sources.

John Strand, city manager for Deming, appeared before the committee to request additional funding for the completion of remediation for the Peru Hill mill site, which is not in compliance with current standards. A motion was made and seconded to support funding for this project.

David Harris, executive director of the NMFA, addressed the committee on the status of the proposed loan to the Pueblo of Santa Ana. He stated that the governor concluded that the loan raised a lot of questions around security, and that because of the issue of sovereign immunity, the NMFA needs to find a workable model with which to finance pueblos. He added that the BIA loan guarantee program would only secure a loan of up to \$15 million. He also said that the Pueblo of Santa Ana has met every other financial requirement for this loan. In response to a question regarding the economic impact of the tribe's business ventures, Mr. Harris said that the

tribe employs 1,200 people, and 90 percent of those are nontribal people. Mr. Romero of the NMFA added that its payroll is \$26 million per year, which means the tribe pays taxes to the state in the amount of \$400,000 to \$600,000. Representative Taylor expressed the view that Santa Ana is a government and as such it has as much right as anyone else to request a loan. Mr. Harris stated that the tribe did agree to sign a waiver of its sovereign immunity, allowing the NMFA to avoid tribal jurisdiction in case of a dispute. The loan would derive from the subordinate lien program, not the public project revolving fund, he said. That program was set up as a means of financing projects with unusual revenue streams, such as Isotopes park in Albuquerque, where the revenue stream is from ticket sales and concessions.

Mr. Harris began to give an overview of the NMFA for committee members, saying that the authority has working relationships with many of the state's executive departments, thus assisting in making projects happen, such as the cheese plant in Clovis in which the gross receipts taxes made from construction alone will more than make up for the expenses incurred at that site. He reviewed the NMFA's loan sources, amounting to a total of \$627.1 million for projects financed as of June 30 of this year. (See handout for breakdown of each loan source.) He continued by noting specifics of the public project revolving fund, including its security features and credit review process, adding that the fund is very securely pledged. Mr. Romero delineated the four varying categories of loans from this fund, some of which affect bonding capacity and some of which do not. In response to a legislative request, the NMFA will provide an analysis of the portion of the GGRT that it receives, which is at 75 percent. In response to a question about water and wastewater project grant fund projects, Mr. Romero reminded committee members that it has been two years since any projects have been authorized by the legislature out of that fund. Representative Taylor added that this program is a vital one and made a motion, which was seconded, that committee members commit to pursuing this authorization bill to be sure that it makes its way through both the house and senate. Senator Garcia said that leadership needs to meet to prioritize this bill as well. Federal matching funds are only possible for projects that are funded successfully by the state. Committee members and the NMFA agreed to continue this presentation of the NMFA's programs at the November 20 meeting in Santa Fe so that legislation for the special session could be covered.

Mr. Harris said that in July the governor formed the governor's finance committee to come up with financial strategies for the state. Under Governor Johnson, the legislature authorized the state highway and transportation department to go into debt for \$1 million, but did not alter its revenue package; a revenue adjustment is needed. Mr. Harris indicated that the taxation and revenue department (TRD) is looking at assessing heavier usage fees, such as overweight fees, for sectors that most use the roads. Secretary Faught brought forth the startling fact that the damage done to highways by one 80,000-pound truck equals that done by 38,000 cars. She added that the department of transportation is working with the TRD to formulate a tax collection system. Secretary Faught outlined the governor's GRIP initiative, which is a \$1.4 billion funding program for 41 highway reconstruction projects statewide over an eight-year period. (See handout for details of transportation projects covered.) She added that New Mexico is a bridge state for truck traffic, and that 75-80 percent of the trucks on New Mexico's highways are simply moving through. Mr. Harris said that the governor wants the financing for these projects to be handled by the NMFA, and that this authorizing legislation will be important during the special session. He added that he would consider this to be a partnership between the department of transportation and NMFA. He said that not only will the department of transportation need to refinance existing

debt, but the legislature will have to pledge additional revenue as well; the key will be to generate additional revenue streams. In response to a question about how priorities were formed for the GRIP initiative, Secretary Faught said the decisions were based on unfunded critical needs. Representative Taylor questioned why the section of I-25 from Gibson boulevard to the south is not considered a priority.

A motion to endorse the public project revolving fund authorization bill as well as the transportation bill was made and seconded.

The committee adjourned at 12:30 p.m.

**MINUTES
of the
FIFTH MEETING
of the
NEW MEXICO FINANCE AUTHORITY OVERSIGHT COMMITTEE**

**November 20, 2003
Room 307, State Capitol
Santa Fe**

The fifth meeting of the New Mexico finance authority oversight (NMFA) committee was called to order by Representative Daniel P. Silva, chair, on November 20, 2003 at 10:25 a.m. in room 307, state capitol. The committee approved the minutes of the previous meetings without objection.

PRESENT

Rep. Daniel P. Silva, Chair
Sen. Manny M. Aragon
Sen. Clinton D. Harden, Jr.
Rep. Dona G. Irwin
Rep. Brian K. Moore
Sen. Mary Kay Papen
Rep. Henry Kiki Saavedra
Sen. H. Diane Snyder
Rep. Don Tripp

Advisory Members

Rep. Mary Helen Garcia
Rep. Roberto "Bobby" J. Gonzales
Rep. Ben Lujan
Sen. Bernadette M. Sanchez
Rep. Edward C. Sandoval
Rep. Luciano "Lucky" Varela

ABSENT

Sen. Pete Campos, Vice Chair
Sen. Don Kidd
Rep. Earlene Roberts
Sen. Shannon Robinson
Sen. Nancy Rodriguez
Rep. Raymond M. Ruiz
Rep. Sheryl Williams Stapleton

Rep. Donald E. Bratton
Rep. Jose A. Campos
Rep. Anna M. Crook
Sen. Dianna J. Duran
Sen. Joseph A. Fidel
Sen. Mary Jane M. Garcia
Sen. Stuart Ingle
Sen. Leonard Lee Rawson
Sen. Richard M. Romero
Rep. James G. Taylor
Rep. Robert White

Staff

Jon Boller
Renee Gregorio
Alfred Creecy

Thursday, November 20

CITY OF SANTA FE PROJECTS

Santa Fe Mayor Larry Delgado welcomed the committee to Santa Fe and thanked the committee for inviting the city to address the committee. The mayor explained that the city gets 40 percent of its water from surface sources, and that the reservoirs are currently at only 52 percent capacity. However, five new wells in the Buckman well field will be ready for use in a couple of weeks and the city will soon accept bids on the design of a \$100 million diversion/treatment plant project that will supply the city with its portion of San Juan/Chama water. He noted that the city has already issued \$11 million in bonds for water projects this year. In answer to questions from the committee, Mayor Delgado reviewed the city's conservation efforts, water use and a forest thinning project in Santa Fe's watershed. Committee members suggested that the city cooperate in regional water planning with Santa Fe and Rio Arriba counties.

WATER AND WASTEWATER GRANT FUND

David Harris, NMFA executive director, and Carlos Romero, NMFA director of intergovernmental relations, presented the committee with an overview of the water and wastewater grant fund program, explaining how communities may qualify for grants and the current status of fund balances. Mr. Harris said that there is approximately \$6.5 million left in the fund, but that the fund balances will likely be exhausted this year. Members questioned how the NMFA evaluates the viability of water systems and whether there is follow-up to ensure that those systems would not have to come back for more money due to poor financial management of the system. It was suggested that there be a requirement that small water systems maintain capital replacement and maintenance accounts for system replacement in the long term.

ANTI-DONATION AND CAPITAL PROJECTS

Robbie Heyman, bond counsel for the state, outlined the process and standards by which capital projects are evaluated before money for any particular project is distributed. To avoid violating the state constitution's anti-donation provision, he explained that a project must be owned by a public entity rather than a private or nonprofit entity. In accordance with legislative mandates, the public entity must also want the money and within six months sign a contract committing at least five percent of the funds to the project; the project must be completed within three years of the grant of funds. Mr. Heyman noted that bonds are not sold for a project until it is certified and construction can begin. Other issues discussed by Mr. Heyman included the average life of bonds issued for capital projects (10 years) and arbitrage rebate payments.

ADMINISTRATION AND MONITORING OF CAPITAL OUTLAY PROJECTS

Christine Chavez and Linda Kehoe from the legislative finance committee, George McGeorge from the state auditor's office, Mark Valdez, director of the state board of finance, and Debbie Romero, capital projects coordinator, state budget division, department of finance and administration, followed up on their previous report to the committee concerning the administration and monitoring of capital outlay project funds. Some agencies have improved the tracking of capital funds under their purview by as much as 90 percent since last February. Members complimented those agencies on their progress and suggested that it may be necessary to have one office be responsible for tracking all projects and project funds in order to better

account for the expenditure of capital outlay.

PUBLIC PROJECT REVOLVING FUND INTEREST RATES

Harrold Kious, president of Kious and company, a locally owned in-state bond company, took issue with the NMFA's ability to offer interest rates at below market rates and even below cost. He said that his company could not compete in the municipal bond market in New Mexico if the NMFA was allowed to offer such low rates. Mr. Kious suggested that legislation be introduced that would make the NMFA operate more like the New Mexico mortgage finance authority.

The meeting was adjourned at 4:45 p.m.

**MINUTES
of the
SIXTH MEETING
of the
NEW MEXICO FINANCE AUTHORITY OVERSIGHT COMMITTEE**

**January 19, 2004
Room 307, State Capitol
Santa Fe**

PRESENT

Rep. Daniel P. Silva, Chair
Sen. Pete Campos, Vice Chair
Sen. Manny M. Aragon
Rep. Dona G. Irwin
Sen. Don Kidd
Rep. Brian K. Moore
Sen. Mary Kay Papen
Rep. Earlene Roberts
Sen. Nancy Rodriguez
Sen. H. Diane Snyder
Rep. Don Tripp

Advisory Members

Rep. Donald E. Bratton
Rep. Jose A. Campos
Rep. Anna M. Crook
Sen. Dianna J. Duran
Rep. Mary Helen Garcia
Sen. Mary Jane M. Garcia
Rep. Ben Lujan
Sen. Bernadette M. Sanchez
Rep. Edward C. Sandoval
Rep. James G. Taylor
Rep. Luciano "Lucky" Varela

Staff

Jon Boller
Renee Gregorio

ABSENT

Sen. Clinton D. Harden, Jr.
Sen. Shannon Robinson
Rep. Raymond M. Ruiz
Rep. Henry Kiki Saavedra
Rep. Sheryl Williams Stapleton

Sen. Joseph A. Fidel
Rep. Roberto "Bobby" J. Gonzales
Sen. Stuart Ingle
Sen. Leonard Lee Rawson
Sen. Richard M. Romero
Rep. Robert White

Monday, January 19

The New Mexico finance authority (NMFA) oversight committee was called to order by Representative Daniel P. Silva, chair, at 1:30 p.m. in room 307 of the state capitol. The committee approved the minutes of the previous meetings without objection.

The committee endorsed the following bills for introduction to the second session of the forty-sixth legislature:

- the public project revolving fund authorization bill, submitted each year to the legislature for approval of loans for specific projects to be funded out of the public project revolving fund (.149065);
- the water and wastewater project grant fund authorization bill, submitted each year to the legislature for approval of grants for specific projects to be funded out of the water and wastewater project grant fund (.149063);
- the water project fund bill, which authorizes the NMFA to make loans or grants for specific water projects from the water project fund (.149064);
- a bill that makes an appropriation from the public project revolving fund to the drinking water state revolving loan fund to carry out the purposes of the Drinking Water State Revolving Loan Fund Act (.149066);
- a bill that revokes legislative authorization for specific public projects for which loans would have been made from the public project revolving loan fund (.149067);
- a bill that allows funds from the water and wastewater planning fund to be used for water conservation planning and that appropriates money into the fund (.149220); and
- the Behavioral Health Capital Funding Act, which allows the NMFA to make loans for capital projects to nonprofit behavioral health facilities that serve primarily sick and indigent patients (149227.1).

The committee decided not to endorse a bill that requires all water and sanitation districts and associations organized under the Sanitary Projects Act to demonstrate that they can provide renewal and replacement funds for the maintenance and replacement of the water or sanitation system when they receive state money for capital improvements (.148828).

The committee adjourned at 3:25 p.m.

NMFA OVERSIGHT COMMITTEE SPONSORED LEGISLATION

underscored material = new
[bracketed material] = delete

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HOUSE BILL

46TH LEGISLATURE - STATE OF NEW MEXICO - SECOND SESSION, 2004

INTRODUCED BY

FOR THE NEW MEXICO FINANCE AUTHORITY OVERSIGHT COMMITTEE

AN ACT

RELATING TO FINANCE; AUTHORIZING THE NEW MEXICO FINANCE
AUTHORITY TO MAKE GRANTS FOR PUBLIC PROJECTS FROM THE WATER AND
WASTEWATER PROJECT GRANT FUND; DECLARING AN EMERGENCY.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF NEW MEXICO:

Section 1. AUTHORIZATION OF PROJECTS.--Pursuant to the
provisions of Section 6-21-6.3 NMSA 1978, the legislature
authorizes the New Mexico finance authority to make grants from
the water and wastewater project grant fund to the following
qualified entities for the following public projects on terms
and conditions established by the authority:

1. to the Pueblo of Acoma for a water and
wastewater system feasibility study, wastewater projects and
water projects in Cibola county;

2. to Agua Fria for a water project in Santa Fe

1 county;

2 3. to the Agua Sana mutual domestic water consumers
3 association for water projects, phases 3-12, in Rio Arriba
4 county;

5 4. to Alamogordo for a wastewater project in Otero
6 county;

7 5. to the Alcalde mutual domestic water consumers
8 association for a wastewater project in Rio Arriba county;

9 6. to the Alcon mutual domestic water consumers
10 association for a water project in San Miguel county;

11 7. to Angel Fire for a wastewater project and
12 water-wastewater projects in Colfax county;

13 8. to the Arroyo Hondo domestic water consumers
14 association in Taos county for a water project;

15 9. to Artesia for a wastewater project in Eddy
16 county;

17 10. to Aztec for a water project in San Juan
18 county;

19 11. to Bayard for a wastewater project and water
20 project in Grant county;

21 12. to Belen for wastewater projects and water
22 projects in Valencia county;

23 13. to the Berino mutual domestic water consumers
24 association for a water utility equipment project and a water
25 project in Dona Ana county;

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- 1 14. to the city of Bernalillo for wastewater
- 2 projects and a water project in Sandoval county;
- 3 15. to the Bibo mutual domestic water consumers
- 4 association for a water project in Cibola county;
- 5 16. to the Blanco water users association for a
- 6 water project in San Juan county;
- 7 17. to Bloomfield for a wastewater project and
- 8 water project in San Juan county;
- 9 18. to the Bluewater Acres domestic water users
- 10 association for a water project in Cibola county;
- 11 19. to Bosque Farms for a wastewater project and
- 12 water project in Valencia county;
- 13 20. to the Canjilon mutual domestic water consumers
- 14 association for a water project in Rio Arriba county;
- 15 21. to the Canoncito at Apache Canyon mutual
- 16 domestic water consumers association for a water project in
- 17 Santa Fe county;
- 18 22. to the Canones mutual domestic water consumers
- 19 association for a wastewater project and water project in Rio
- 20 Arriba county;
- 21 23. to the Canyon mutual domestic water consumers
- 22 association for a water project in Sandoval county;
- 23 24. to Carrizozo for a wastewater project and water
- 24 project in Lincoln county;
- 25 25. to the Cebolleta land grant for a wastewater

1 project in Cibola county;

2 26. to Chama for a wastewater project and water
3 project in Rio Arriba county;

4 27. to the Chamisal mutual domestic water consumers
5 association for a water project in Taos county;

6 28. to the Chupadero water and sewage corporation
7 for a water project in Santa Fe county;

8 29. to Cimarron for a water project in Colfax
9 county;

10 30. to the Cleveland mutual domestic water
11 consumers association for a water project in Mora county;

12 31. to Cloudcroft for a wastewater project in Otero
13 county;

14 32. to Columbus for a water project in Luna county;

15 33. to Cordova for a wastewater project in Rio
16 Arriba county;

17 34. to the village of Corona for water projects in
18 Lincoln county;

19 35. to the Crosby mutual domestic water consumers
20 and sewage works association for a water project in Catron
21 county;

22 36. to the Cumberland water cooperative for a water
23 project in Chaves county;

24 37. to the city of Deming for a water project and
25 two wastewater projects in Luna county;

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1 38. to the Deming school system for a water project
2 and wastewater project in Luna county;

3 39. to Des Moines for a water project in Union
4 county;

5 40. to the Desert Sands mutual domestic water
6 consumers association for a water-wastewater equipment project
7 and master water plan in Dona Ana county;

8 41. to the Dona Ana mutual domestic water consumers
9 association for a water and wastewater project in Dona Ana
10 county;

11 42. to Eagle Nest for a wastewater project and
12 water project in Colfax County;

13 43. to the East Pecos mutual domestic water
14 consumers association for a water project in San Miguel county;

15 44. to Edgewood for a wastewater project in Santa
16 Fe county;

17 45. to El Prado water and sanitation district for
18 wastewater projects and water projects in Taos county;

19 46. to El Rito domestic consumers water association
20 for a water project in Rio Arriba county;

21 47. to El Salto domestic water consumers
22 association in Taos county for a water project;

23 48. to El Valle de Los Ranchos de Taos water and
24 sanitation district for a wastewater project in Taos county;

25 49. to Elephant Butte for a wastewater project in

1 Sierra county;

2 50. to Espanola for a water-wastewater project and
3 water project in Rio Arriba county;

4 51. to Estancia for a wastewater project and water
5 project in Tarrant county;

6 52. to the Fambrough mutual domestic water
7 consumers association for a water project in Chaves county;

8 53. to Fort Sumner for a water project in De Baca
9 county;

10 54. to the Gabaldon mutual domestic water consumers
11 association for a water project in San Miguel county;

12 55. to Gallup in McKinley county for water and
13 wastewater projects;

14 56. to the Gomerco water and sanitation district
15 for a water project in McKinley county;

16 57. to Grant county for a wastewater project in
17 Grant county;

18 58. to Grants for a water and sewer project in
19 Cibola county;

20 59. to the Greater Chimayo mutual domestic water
21 consumers association for water projects in Rio Arriba and
22 Santa Fe counties;

23 60. to the Green Ridge mutual domestic water
24 consumers association for water projects in Tarrant county;

25 61. to Hagerman for a wastewater project in Chaves

1 county;

2 62. to the High Sierra water association for a
3 water project in Lincoln county;

4 63. to the city of Hobbs for water and wastewater
5 projects in Lea county;

6 64. to Hurley for a preliminary engineering report
7 and water project in Grant county;

8 65. to the Ilfeld mutual domestic water consumers
9 association for a water project in San Miguel county;

10 66. to the Jemez Springs domestic cooperative in
11 Sandoval county for a water project;

12 67. to La Asociacion de Agua de los Brazos for a
13 water project in Rio Arriba county;

14 68. to La Jara water users association for a water
15 equipment and filtration project in Sandoval county;

16 69. to La Jicarita Valley association of mutual
17 domestics for a water feasibility study in Taos county;

18 70. to La Loma mutual domestic water consumers
19 association for a water project in Guadalupe county;

20 71. to La Luz mutual domestic water consumers
21 association for a water and wastewater feasibility study in
22 Otero county;

23 72. to La Plata mutual domestic water consumers
24 association for a water project in San Juan county;

25 73. to Las Trampas mutual domestic water consumers

1 association for a water project in Taos county;

2 74. to Las Vegas for wastewater projects, a water
3 meter project and water project in San Miguel county;

4 75. to Logan for a wastewater project in Quay
5 county;

6 76. to Lordsburg for a water project in Hidalgo
7 county;

8 77. to Los Lunas for wastewater projects and a
9 water project in Valencia county;

10 78. to the Lower Canoncito mutual domestic water
11 consumers association for a water project in San Miguel county;

12 79. to Maxwell for a wastewater project and water
13 project in Colfax county;

14 80. to the Mesquite mutual domestic water consumers
15 and mutual sewage works association for a wastewater project
16 and water project in Dona Ana county;

17 81. to the Mora mutual domestic water consumers
18 association for a wastewater project in Mora county;

19 82. to Mosquero for water projects in Harding
20 county;

21 83. to Mountainair for a water project in Torrance
22 county;

23 84. to the Pueblo of Nambe development corporation
24 for a water and wastewater project in Santa Fe county;

25 85. to the Navajo Dam mutual domestic water

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1 consumers association for a water project in San Juan county;

2 86. to the Northstar mutual domestic water
3 consumers and mutual sewage works association for a water
4 project in San Juan county;

5 87. to the Orchard Estates-Faculty Lane water
6 association for a water project in Sandoval county;

7 88. to the Pajarito Mesa mutual domestic water
8 consumers association for a water project in Bernalillo county;

9 89. to the Pecan Park mutual domestic water
10 consumers association for a water project in Luna county;

11 90. to Pecos for a water and wastewater project in
12 San Miguel county;

13 91. to the Pineywoods Estates water association for
14 a water project in Otero county;

15 92. to the Pojoaque Valley school district for a
16 wastewater project and water project in Santa Fe county;

17 93. to the Quemado Lake Estates water association
18 for a water project in Catron county;

19 94. to the Quemado mutual water and sewage works
20 association for a wastewater project in Catron county;

21 95. to Questa for a wastewater project and water
22 project in Taos county;

23 96. to the Ramah Navajo chapter for a water project
24 in Cibola county;

25 97. to the Ramah water and sanitation district for

1 a wastewater project in McKinley county;

2 98. to Raton for a wastewater project in Colfax
3 county;

4 99. to Red River for a wastewater project and water
5 project in Taos county;

6 100. to the Regina mutual domestic water consumers
7 association for a water project in Sandoval county;

8 101. to Ribera for a water project in San Miguel
9 county;

10 102. to the Ribera mutual domestic water consumers
11 association for a water project in San Miguel county;

12 103. to the Rowe mutual domestic water consumers
13 association for a water project in San Miguel county;

14 104. to Roy for water and wastewater projects in
15 Harding county;

16 105. to the San Acacia mutual domestic water
17 consumers association for a water project in Socorro county;

18 106. to the Pueblo of San Juan for a water-
19 wastewater feasibility study, a wastewater project and water-
20 wastewater projects in Rio Arriba county;

21 107. to Santa Clara for a preliminary engineering
22 report, wastewater project and water project in Grant county;

23 108. to the city of Santa Fe for a water project in
24 Santa Fe county;

25 109. to the Seboyeta mutual domestic water

1 consumers association for a water project in Cibola county;

2 110. to Shiprock for a wastewater project in San
3 Juan county;

4 111. to Sierra county for a wastewater project;

5 112. to the town of Silver City for a wastewater
6 project in Grant county;

7 113. to Socorro for a water project in Socorro
8 county;

9 114. to the Solacito mutual domestic water
10 consumers association for a water project in Santa Fe county;

11 115. to the Southside water users association for a
12 water project in San Juan county;

13 116. to Sunland Park for wastewater projects and a
14 water project in Dona Ana county;

15 117. to the Table Top water users association for a
16 water project in Guadalupe county;

17 118. to the Talpa mutual domestic water consumers
18 association for a water project in Taos county;

19 119. to the town of Taos for wastewater projects
20 and a water project in Taos county;

21 120. to the Pueblo of Tesuque for a wastewater
22 project in Santa Fe county;

23 121. to Tucumcari for a wastewater project and
24 water project in Quay county;

25 122. to Tularosa for a wastewater project, water

1 project, water-wastewater project and water feasibility study
2 in Otero county;

3 123. to the Upper Holman mutual domestic water
4 consumers association for a water project in Mora county;

5 124. to the Vadito mutual domestic water consumers
6 association in Taos county for a water project;

7 125. to Virden for a water project in Hidalgo
8 county;

9 126. to Wagon Mound for a wastewater project and
10 water project in Mora county;

11 127. to the White Cliffs mutual domestic water
12 users association for a wastewater project and water project in
13 McKinley county;

14 128. to the village of Willard for a wastewater
15 project in Torrance county;

16 129. to the Williams Acres water and sanitation
17 district for a water project and wastewater project in McKinley
18 county;

19 130. to the Wilson Lake mutual domestic water
20 consumers association for a water project in Taos county; and

21 131. to the Pueblo of Zuni for water-sewerline
22 extensions in McKinley county.

23 Section 2. VOIDING OF AUTHORIZATION.--If a qualified
24 entity listed in Section 1 of this act has not certified to the
25 New Mexico finance authority by the end of fiscal year 2007 its

underscored material = new
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1 desire to continue to pursue a grant from the water and
2 wastewater project grant fund for a public project listed in
3 ~~that section, the legislative authorization granted to the New~~
4 ~~Mexico finance authority by Section P of this act to make a~~
5 grant from the water and wastewater project grant fund to that
6 qualified entity for that public project shall be void.

7 Section 3. EMERGENCY.--It is necessary for the public
8 peace, health and safety that this act take effect immediately.

9 FOR THE NEW MEXICO FINANCE AUTHORITY OVERSIGHT COMMITTEE

10 AN ACT

11 RELATING TO FINANCE; AUTHORIZING THE NEW MEXICO FINANCE
12 AUTHORITY TO MAKE LOANS OR GRANTS FOR CERTAIN WATER PROJECTS
13 FROM THE WATER PROJECT FUND; DECLARING AN EMERGENCY.

14
15 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF NEW MEXICO:

16 Section 1. AUTHORIZATION OF PROJECTS.--Pursuant to the
17 provisions of Section 72-4A-9 NMSA 1978, the legislature
18 authorizes the New Mexico finance authority to make loans or
19 grants from the water project fund to the following political
20 subdivisions for the following qualifying projects on terms and
21 conditions established by the water trust board and the New
22 Mexico finance authority:

23 A. to the city of Gallup in McKinley county for a
24 water project;

25 B. to the Dona Ana mutual domestic water consumers

association in Dona Ana county for a surface water project;

1 C. to the middle Rio Grande endangered species
2 collaborative program in Bernalillo county for water and
3 refugium projects;

4 D. to the Dona Ana mutual domestic water consumers
5 association in Dona Ana county for a water distribution
6 project;

7 E. to the city of Aztec in San Juan county for a
8 water storage project;

9 F. to the city of Alamogordo in Otero county for a
10 regional water project;

11 G. to the city of Santa Fe in Santa Fe county for a
12 water project;

13 H. to El Rito regional water system in Rio Arriba
14 county for a regional water project;

15 I. to the Claunck Pinto soil and water conservation
16 district in Santa Fe, Torrance and Bernalillo counties for a
17 watershed project;

18 J. to the San Francisco soil and water conservation
19 district in Catron county for a river restoration and outreach
20 project;

21 K. to the city of Espanola in Rio Arriba and Santa
22 Fe counties for a water project;

23 L. to Raton water works in Colfax county for a
24 watershed project;

25 M. to the eastern New Mexico rural water system in

underscored material = new
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Curry county for a water project;

N. to the San Francisco soil and water conservation district in Catron county for a watershed project;

1 O. to the Ute ~~HOUSE BILL~~ and water conservation
2 ~~46TH LEGISLATURE STATE OF NEW MEXICO SECOND SESSION, 2004~~
3 management project; INTRODUCED BY

4 P. to the Cuatro Villas mutual domestic water users
5 association in Santa Fe county for a regional water project;
6 and

7 Q. to the city of Las Vegas in San Miguel county
8 for ~~FOR THE NEW MEXICO~~ FINANCE AUTHORITY OVERSIGHT COMMITTEE

9 Section 2. EMERGENCY.--It is necessary for the public
10 peace, health and safety that ~~THIS~~ act take effect immediately.

11 RELATING TO FINANCE; AUTHORIZING ~~2~~ THE NEW MEXICO FINANCE
12 AUTHORITY TO MAKE LOANS FOR PUBLIC PROJECTS FROM THE PUBLIC
13 PROJECT REVOLVING FUND; DECLARING AN EMERGENCY.

14
15 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF NEW MEXICO:

16 Section 1. AUTHORIZATION OF PROJECTS.--Pursuant to the
17 provisions of Section 6-21-6 NMSA 1978, the legislature
18 authorizes the New Mexico finance authority to make loans from
19 the public project revolving fund to the following qualified
20 entities for the following public projects on terms and
21 conditions established by the authority:

22 1. to the administrative office of the courts for
23 infrastructure, building and equipment projects statewide;

24 2. to Alamogordo public schools in Otero county for
25 refinancing projects;

1 3. to Alamogordo in Otero county for building,
2 equipment and refinancing projects;

3 4. to the Albuquerque international sunport in
4 Bernalillo county for infrastructure, building, equipment and
5 refinancing projects;

6 5. to Albuquerque public schools in Bernalillo and
7 Sandoval counties for building and refinancing projects;

8 6. to Albuquerque in Bernalillo county for special
9 assessment district projects 228 and 229, infrastructure and
10 refinancing projects;

11 7. to Angel Fire in Colfax county for road,
12 building, equipment and special assessment district projects;

13 8. to Artesia public schools in Eddy and Chaves
14 counties for refinancing projects;

15 9. to Artesia in Eddy county for building and
16 equipment projects;

17 10. to Aztec in San Juan county for infrastructure,
18 building and equipment projects;

19 11. to Belen consolidated school district number 2
20 in Valencia county for building and refinancing projects;

21 12. to Belen in Valencia county for infrastructure
22 projects;

23 13. to Bernalillo county for infrastructure
24 projects in Bernalillo county;

25 14. to Bernalillo public schools in Sandoval county
for refinancing projects;

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1 15. to Bernalillo in Sandoval county for
2 infrastructure and equipment projects;

3 16. to Bloomfield school district number 6 in San
4 Juan county for building and equipment projects;

5 17. to Bloomfield in San Juan county for building
6 and equipment projects;

7 18. to Carlsbad municipal schools in Eddy county
8 for building, equipment and refinancing projects;

9 19. to Carlsbad in Eddy county for equipment and
10 refinancing projects;

11 20. to Carrizozo municipal school district number 7
12 in Lincoln county for building projects;

13 21. to the Catron county-Cruzville-Apache Creek
14 volunteer fire department in Catron county for an equipment
15 acquisition project;

16 22. to the Catron county-Wild Horse volunteer fire
17 department in Catron county for an equipment acquisition
18 project;

19 23. to Chaves county for refinancing projects in
20 Chaves county;

21 24. to the Chaves county-East Grand Plains
22 volunteer fire department in Chaves county for a building
23 project;

24 25. to Cibola county for infrastructure and
25 refinancing projects in Cibola county;

1 26. to the Cibola county-Bluewater fire department
2 in Cibola county for an equipment acquisition project;

3 27. to the Cibola county-San Rafael volunteer fire
4 department in Cibola county for an equipment acquisition
5 project;

6 28. to Cloudcroft municipal schools in Otero county
7 for building, equipment and refinancing projects;

8 29. to Clovis municipal schools in Curry county for
9 building and equipment projects;

10 30. to Clovis in Curry county for infrastructure
11 and building projects;

12 31. to Colfax county for infrastructure, building,
13 equipment, refinancing and land acquisition projects in Colfax
14 county;

15 32. to Cuba independent schools in Sandoval county
16 for building and refinancing projects;

17 33. to Cuba in Sandoval county for vehicle,
18 building, equipment and land acquisition projects;

19 34. to the Curry county-Broadview fire department
20 in Curry county for an equipment acquisition project;

21 35. to the Curry county-Field fire department in
22 Curry county for an equipment acquisition project;

23 36. to the De Baca county-Valley fire district in
24 De Baca county for a building project;

25 37. to Deming in Luna county for infrastructure and

1 building projects;

2 38. to Dexter consolidated schools in Chaves county
3 for equipment and refinancing projects;

4 39. to Dona Ana county for infrastructure and
5 refinancing projects in Dona Ana county;

6 40. to Dora consolidated school district number 39
7 in Roosevelt county for equipment projects;

8 41. to the Eddy county-Happy Valley fire department
9 in Eddy county for an equipment acquisition project;

10 42. to the Eddy county-La Huerta fire department in
11 Eddy county for a vehicle acquisition project;

12 43. to Espanola public school district number 45 in
13 Rio Arriba county for building projects;

14 44. to Espanola in Rio Arriba and Santa Fe counties
15 for infrastructure, equipment, refinancing and land acquisition
16 projects;

17 45. to the expo New Mexico-state fair in Bernalillo
18 county for infrastructure, building, equipment and refinancing
19 projects;

20 46. to Floyd municipal school district number 59 in
21 Roosevelt county for building and equipment projects;

22 47. to the Fort Sumner irrigation district in
23 Guadalupe county for a refinancing project;

24 48. to Gadsden independent schools in Dona Ana and
25 Otero counties for refinancing projects;

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1 49. to Gallup in McKinley county for building,
2 equipment and infrastructure projects;

3 50. to Gallup-McKinley county public schools in
4 McKinley county for building projects;

5 51. to Grady municipal school district number 61 in
6 Curry county for building projects;

7 52. to the Grant county-Santa Rita volunteer fire
8 department in Grant county for an equipment acquisition
9 project;

10 53. to the Grant county-Sapillo creek volunteer
11 fire department in Grant county for an equipment acquisition
12 project;

13 54. to Grants in Cibola county for infrastructure
14 and refinancing projects;

15 55. to Guadalupe county for infrastructure,
16 building, refinancing and equipment projects in Guadalupe
17 county;

18 56. to the Guadalupe county-Puerto de Luna fire
19 department in Guadalupe county for a vehicle acquisition
20 project;

21 57. to Hagerman municipal schools in Chaves county
22 for refinancing projects;

23 58. to Hatch valley public schools in Dona Ana
24 county for building and refinancing projects;

25 59. to Hidalgo county for infrastructure and

1 equipment projects in Hidalgo county;

2 60. to Hobbs in Lea county for building, equipment
3 and refinancing projects;

4 61. to Jemez Springs in Sandoval county for a
5 vehicle acquisition project;

6 62. to the Laguna development corporation in Cibola
7 county for building, infrastructure, water, wastewater and
8 highway projects;

9 63. to Las Cruces public schools in Dona Ana county
10 for building, equipment and refinancing projects;

11 64. to Las Cruces in Dona Ana county for building,
12 equipment, infrastructure and refinancing projects;

13 65. to the Las Lomas fire district in Sierra county
14 for an equipment project;

15 66. to Las Vegas in San Miguel county for
16 infrastructure, building, refinancing and equipment projects;

17 67. to Lincoln county for infrastructure projects
18 in Lincoln county;

19 68. to Los Alamos county for building,
20 infrastructure, equipment and refinancing projects in Los
21 Alamos county;

22 69. to Los Alamos public schools in Los Alamos
23 county for building, equipment and refinancing projects;

24 70. to Los Lunas public schools in Valencia county
25 for building and refinancing projects;

1 71. to Los Lunas in Valencia county for
2 infrastructure projects;

3 72. to Lovington in Lea county for building,
4 equipment and refinancing projects;

5 73. to Luna county for infrastructure and
6 refinancing projects in Luna county;

7 74. to Magdalena in Socorro county for a vehicle
8 acquisition project;

9 75. to Mesa technical college in Quay county for
10 infrastructure, building and equipment projects;

11 76. to Mesilla in Dona Ana county for water and
12 wastewater projects;

13 77. to the Mora county-CHET fire department in Mora
14 county for a building project;

15 78. to Moriarty in Torrance county for
16 infrastructure and refinancing projects;

17 79. to New Mexico highlands university in San
18 Miguel county for refinancing projects;

19 80. to the New Mexico retiree health care authority
20 in Santa Fe county for a building project;

21 81. to New Mexico state university in Dona Ana
22 county for building and refinancing projects;

23 82. to northern New Mexico community college in Rio
24 Arriba county for infrastructure, building and equipment
25 projects;

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1 83. to Pojoaque Valley public schools in Santa Fe
2 county for refinancing projects;

3 84. to Portales in Roosevelt county for
4 infrastructure and refinancing projects;

5 85. to Quay county for an equipment acquisition
6 project in Quay county;

7 86. to Questa in Taos county for an equipment
8 acquisition project;

9 87. to Raton in Colfax county for infrastructure,
10 refinancing and solid waste projects;

11 88. to Rio Arriba county for infrastructure and
12 refinancing projects in Rio Arriba county;

13 89. to Rio Rancho public school district number 94
14 in Sandoval county for building projects;

15 90. to Rio Rancho in Sandoval county for building,
16 equipment and refinancing projects;

17 91. to Roosevelt county for infrastructure and
18 refinancing projects in Roosevelt county;

19 92. to Roswell independent schools in Chaves county
20 for refinancing projects;

21 93. to Roswell in Chaves county for building,
22 infrastructure and refinancing projects;

23 94. to Ruidoso in Lincoln county for
24 infrastructure, equipment and refinancing projects;

25 95. to San Jon in Quay county for a building

1 project;

2 96. to San Miguel county for building, road,
3 equipment and refinancing projects in San Miguel county;

4 97. to the San Miguel county-Conchas dam fire and
5 rescue in San Miguel county for a building project;

6 98. to the Pueblo of Sandia in Bernalillo county
7 for infrastructure and building projects;

8 99. to Sandoval county for infrastructure projects
9 in Sandoval county;

10 100. to Santa Clara in Grant county for a vehicle
11 acquisition project;

12 101. to Santa Fe county for roads, building and
13 equipment projects in Santa Fe county;

14 102. to Santa Fe public schools in Santa Fe county
15 for building, equipment and refinancing projects;

16 103. to Santa Fe in Santa Fe county for
17 infrastructure and building projects;

18 104. to Santa Rosa in Guadalupe county for
19 infrastructure projects;

20 105. to the Sierra county-Arrey/Derry volunteer
21 fire department in Sierra county for a building project;

22 106. to Socorro county for infrastructure projects
23 in Socorro county;

24 107. to the Socorro county-San Antonio fire
25 department in Socorro county for an equipment acquisition

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1 project;

2 108. to the Socorro county-Veguita fire department
3 in Socorro county for an equipment acquisition project;

4 109. to Socorro in Socorro county for
5 infrastructure projects;

6 110. to Taos county for infrastructure and
7 equipment projects in Taos county;

8 111. to Taos municipal school district no. 1 in
9 Taos county for equipment projects;

10 112. to Taos in Taos county for building,
11 infrastructure, equipment and refinancing projects;

12 113. to Texico municipal schools in Curry and
13 Roosevelt counties for building, equipment and refinancing
14 projects;

15 114. to Truth or Consequences municipal schools in
16 Sierra county for building projects;

17 115. to Truth or Consequences in Sierra county for
18 infrastructure and electric projects;

19 116. to Tucumcari public schools in Quay county for
20 building and refinancing projects;

21 117. to Tucumcari in Quay county for building,
22 equipment and refinancing projects;

23 118. to Union county for infrastructure, building
24 and equipment projects in Union county;

25 119. to the university of New Mexico-Gallup campus

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1 in McKinley county for land purchase projects;

2 120. to Valencia county for building,
3 infrastructure and equipment projects in Valencia county;

4 121. to Vaughn in Guadalupe county for a building
5 project;

6 122. to the Ventana West public improvements
7 district in Sandoval county for building and equipment
8 projects;

9 123. to Wagon Mound in Mora county for a building
10 project;

11 124. to Williamsburg in Sierra county for an
12 equipment acquisition project; and

13 125. to the Pueblo of Zuni in McKinley county for
14 infrastructure, building and equipment projects.

15 Section 2. VOIDING OF AUTHORIZATION.--If a qualified
16 entity listed in Section 1 of this act has not certified to the
17 New Mexico finance authority by the end of fiscal year 2007 its
18 desire to continue to pursue a loan from the public project
19 revolving fund for a public project listed in that section, the
20 legislative authorization granted to the New Mexico finance
21 authority by Section 1 of this act to make a loan from the
22 public project revolving fund to that qualified entity for that
23 public project is void.

24 Section 3. EMERGENCY.--It is necessary for the public
25 peace, health and safety that this act take effect immediately.

HOUSE BILL

46TH LEGISLATURE - STATE OF NEW MEXICO - SECOND SESSION, 2004

INTRODUCED BY

FOR THE NEW MEXICO FINANCE AUTHORITY OVERSIGHT COMMITTEE

AN ACT

MAKING AN APPROPRIATION TO THE DRINKING WATER STATE REVOLVING
LOAN FUND; DECLARING AN EMERGENCY.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF NEW MEXICO:

Section 1. APPROPRIATION.--Pursuant to the provisions of
Section 6-21-6.1 NMSA 1978, one million six hundred thousand
eight hundred twenty dollars (\$1,600,820) is appropriated from
the public project revolving fund to the drinking water state
revolving loan fund for expenditure in fiscal year 2004 and
subsequent fiscal years to carry out the purposes of the
Drinking Water State Revolving Loan Fund Act. Any unexpended
or unencumbered balance remaining at the end of a fiscal year
shall not revert to the public project revolving fund.

Section 2. EMERGENCY.--It is necessary for the public
peace, health and safety that this act take effect immediately.

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HOUSE BILL
46TH LEGISLATURE - STATE OF NEW MEXICO - SECOND SESSION, 2004
INTRODUCED BY

FOR THE NEW MEXICO FINANCE AUTHORITY OVERSIGHT COMMITTEE

AN ACT
RELATING TO FINANCE; REVOKING LEGISLATIVE AUTHORIZATION TO THE
NEW MEXICO FINANCE AUTHORITY TO MAKE LOANS FROM THE PUBLIC
PROJECT REVOLVING FUND FOR CERTAIN PUBLIC PROJECTS; DECLARING
AN EMERGENCY.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF NEW MEXICO:

Section 1. PUBLIC PROJECT REVOLVING FUND--REVOCATION OF
LEGISLATIVE AUTHORIZATION.--The legislative authorization
granted to the New Mexico finance authority, pursuant to the
provisions of Section 6-21-6 NMSA 1978, to make loans from the
public project revolving fund is revoked with respect to the
following qualified entities for the specified public projects:

1. Antelope Valley irrigation district for an
irrigation project as specified in Subsection H of Section 1 of
Chapter 187 of Laws 1995;

1 2. high plains regional solid waste authority for a
2 regional solid waste disposal project as specified in
3 Subsection A of Section 1 of Chapter 187 of Laws 1995;

4 3. village of Magdalena for a solid waste project
5 as specified in Subsection K of Section 1 of Chapter 187 of
6 Laws 1995;

7 4. north central solid waste authority for a
8 regional solid waste disposal project as specified in
9 Subsection R of Section 1 of Chapter 187 of Laws 1995;

10 5. Agua Sana water association for a water project
11 as specified in Subsection V of Section 1 of Chapter 8 of Laws
12 1996 (1st S.S.);

13 6. village of Cloudcroft for a water project and a
14 wastewater project as specified in Subsection I of Section 1 of
15 Chapter 8 of Laws 1996 (1st S.S.);

16 7. Navajo Nation for a water treatment plant and
17 the related infrastructure for a potato processing plant at the
18 Navajo agricultural products industry location on the Navajo
19 Nation as specified in Subsection AA of Section 1 of Chapter 8
20 of Laws 1996 (1st S.S.);

21 8. Ruidoso regional joint use board for a
22 wastewater project as specified in Subsection H of Section 1 of
23 Chapter 8 of Laws 1996 (1st S.S.);

24 9. Jicarilla Apache tribe for a building project as
25 specified in Subsection N of Section 1 of Chapter 166 of Laws

1997;

10. village of Magdalena for the renovation of the bureau of Indian affairs dormitory as specified in Subsection DD of Section 1 of Chapter 166 of Laws 1997;

11. city of Moriarty for a water system acquisition, water rights acquisition and a municipal water system improvement project as specified in Subsection Y of Section 1 of Chapter 166 of Laws 1997;

12. Navajo Nation for the development of a potato processing plant and for necessary infrastructure for that plant as specified in Subsection EE of Section 1 of Chapter 166 of Laws 1997;

13. Rio Chama gas users association for a natural gas system as specified in Subsection CC of Section 1 of Chapter 166 of Laws 1997;

14. town of Springer for an electric distribution system project as specified in Subsection J of Section 1 of Chapter 166 of Laws 1997;

15. New Mexico second judicial district metropolitan court for a land acquisition and courthouse project as specified in Subsection S of Section 1 of Chapter 166 of Laws 1997;

16. Tunnel Springs water association for a water system project as specified in Subsection T of Section 1 of Chapter 166 of Laws 1997;

1 17. city of Carlsbad for a water project and the
2 acquisition of solid waste vehicles and related equipment as
3 specified in Subsection I of Section 1 of Chapter 72 of Laws
4 1998;

5 18. village of Cimarron for the acquisition of a
6 pumper truck and related fire equipment and the refinancing of
7 a backhoe as specified in Subsection N of Section 1 of Chapter
8 72 of Laws 1998;

9 19. general services department for the acquisition
10 of a research airplane and related research equipment as
11 specified in Subsection BB of Section 1 of Chapter 72 of Laws
12 1998;

13 20. Hidalgo county for a regional solid waste
14 project and the acquisition of solid waste equipment as
15 specified in Subsection HH of Section 1 of Chapter 72 of Laws
16 1998;

17 21. city of Las Vegas for a water project as
18 specified in Subsection NN of Section 1 of Chapter 72 of Laws
19 1998;

20 22. town of Silver City for a water project as
21 specified in Subsection HHH of Section 1 of Chapter 72 of Laws
22 1998;

23 23. city of Socorro for a water project as
24 specified in Subsection III of Section 1 of Chapter 72 of Laws
25 1998;

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24. Taos county for an administrative building
project as specified in Subsection LLL of Section 1 of Chapter
72 of Laws 1998, and

46TH LEGISLATURE - STATE OF NEW MEXICO - SECOND SESSION, 2004

25. Elephant Butte for a water project as specified
in Subsection A of Section 1 of Chapter 12 of Laws 2000 (2nd
S.S.).

Section 2. EMERGENCY.--It is necessary for the public
peace, health and safety that this act take effect immediately.

FOR THE NEW MEXICO FINANCE AUTHORITY OVERSIGHT COMMITTEE

AN ACT

RELATING TO FINANCE; ALLOWING FUNDS FROM THE WATER AND
WASTEWATER PLANNING FUND TO BE USED FOR WATER CONSERVATION
PLANNING; MAKING AN APPROPRIATION; DECLARING AN EMERGENCY.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF NEW MEXICO:

Section 1. Section 6-21-6.4 NMSA 1978 (being Laws 2002,
Chapter 26, Section 2) is amended to read:

"6-21-6.4. WATER AND WASTEWATER PLANNING FUND--CREATION--
ADMINISTRATION--PURPOSES.--

A. The "water and wastewater planning fund" is
created within the authority, which shall be administered by
the authority. The authority shall adopt rules necessary to
administer the fund.

B. The following shall be deposited directly into
the water and wastewater planning fund:

1 (1) the net proceeds from the sale of bonds
2 issued pursuant to the provisions of Section 6-21-6.1 NMSA 1978
3 for the purposes of the water and wastewater planning fund and
4 payable from the public project revolving fund;

5 (2) money appropriated by the legislature to
6 implement the provisions of this section; and

7 (3) any other public or private money
8 dedicated to the fund.

9 C. Money in the water and wastewater planning fund
10 is appropriated to the authority to make grants to qualified
11 entities to evaluate and to estimate the costs of implementing
12 the most feasible alternatives for meeting water and wastewater
13 public project needs, to develop water conservation plans and
14 to pay administrative costs of the water and wastewater
15 planning program.

16 D. The authority shall adopt rules governing the
17 terms and conditions of grants made from the water and
18 wastewater planning fund. Grants may be made from the fund
19 only with the agreement of the qualified entity to reimburse
20 the fund for the amount of the grant when financing from any
21 source is subsequently received by the qualified entity for the
22 water or wastewater public project.

23 E. The authority may make grants from the water and
24 wastewater planning fund to qualified entities without specific
25 authorization by law for each grant."

Section 2. APPROPRIATION.--One million dollars

(\$1,000,000) is appropriated from the general fund to the water and wastewater planning fund for expenditure in fiscal year 2004 and subsequent fiscal years to carry out the purposes of the fund. Money remaining in the fund at the end of a fiscal

~~46TH LEGISLATURE STATE OF NEW MEXICO~~ **SENATE BILL**
46TH LEGISLATURE STATE OF NEW MEXICO - SECOND SESSION, 2004

Section 3. EMERGENCY. It is necessary for the public peace, health and safety that this act take effect immediately.

- 2 -

FOR THE NEW MEXICO FINANCE AUTHORITY OVERSIGHT COMMITTEE

AN ACT

RELATING TO BEHAVIORAL HEALTH; PROVIDING A LOAN PROGRAM FOR FUNDING CAPITAL PROJECTS FOR NONPROFIT BEHAVIORAL HEALTH FACILITIES; ENACTING THE BEHAVIORAL HEALTH CAPITAL FUNDING ACT.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF NEW MEXICO:

Section 1. SHORT TITLE.--This act may be cited as the "Behavioral Health Capital Funding Act".

Section 2. PURPOSE.--The purpose of the Behavioral Health Capital Funding Act is to provide funding for capital projects to eligible entities in order to increase behavioral health care services to sick and indigent patients.

Section 3. DEFINITIONS.--As used in the Behavioral Health Capital Funding Act:

A. "authority" means the New Mexico finance authority;

1 B. "capital project" means repair, renovation or
2 construction of a behavioral health facility; purchase of land;
3 or acquisition of capital equipment of a long-term nature;

4 C. "department" means the department of health;

5 D. "eligible entity" means a nonprofit behavioral
6 health facility that has assets totaling less than ten million
7 dollars (\$10,000,000), is a 501(c)(3) nonprofit corporation for
8 federal income tax purposes and serves primarily sick and
9 indigent patients; and

10 E. "fund" means the behavioral health capital fund.

11 Section 4. BEHAVIORAL HEALTH CAPITAL FUND.--

12 A. The "behavioral health capital fund" is created
13 as a revolving fund in the authority. The fund shall consist
14 of appropriations, loan repayments, gifts, grants, donations
15 and interest earned on investment of the fund. Money in the
16 fund shall not revert at the end of a fiscal year.

17 B. Money in the fund is appropriated to the
18 authority for the purpose of making loans to eligible entities
19 for capital projects pursuant to the Behavioral Health Capital
20 Funding Act.

21 C. The fund shall be administered by the authority.
22 Administrative costs of the authority or department shall not
23 be paid from the fund.

24 Section 5. DEPARTMENT--AUTHORITY--RULES.--The department,
25 in conjunction with the authority, shall adopt rules to
administer and implement the provisions of the Behavioral

Health Capital Funding Act, including provisions:

1 A. establishing procedures and forms for applying
2 for loans for capital projects;

3 B. specifying the documentation required to be
4 provided by the applicant to justify the need for the capital
5 project;

6 C. specifying the documentation required to be
7 provided by the applicant to demonstrate that the applicant is
8 an eligible entity;

9 D. establishing procedures for review, evaluation
10 and approval of loans, including the programmatic,
11 organizational and financial information necessary to review,
12 evaluate and approve an application;

13 E. for evaluating the ability and competence of an
14 applicant to provide efficiently and adequately for the
15 completion of a proposed capital project;

16 F. for the approval of loan applications, including
17 provisions that accord priority attention to areas with the
18 greatest need for behavioral health services;

19 G. that ensure fair geographic distribution of
20 loans;

21 H. establishing requirements for repayment of
22 loans, including payment schedules, interest rates, loan terms
23 and other requirements;

24 I. for ensuring the state's interest in any capital
25 project by the filing of a lien equal to the total of the

1 state's financial participation in the project; and

2 J. for such other requirements deemed necessary by
3 the department and the authority to ensure that the state
4 receives the behavioral health services for which the
5 legislature appropriates money and that the state's interest in
6 a capital project is protected.

7 Section 6. DEPARTMENT--AUTHORITY--POWERS AND DUTIES.--

8 A. The department and the authority shall
9 administer the loan programs established pursuant to the
10 provisions of the Behavioral Health Capital Funding Act. The
11 department and the authority shall:

12 (1) enter into joint powers agreements with
13 each other or other appropriate public agencies to carry out
14 the provisions of that act; and

15 (2) apply to any appropriate federal, state or
16 local governmental agency or private organization for grants
17 and gifts to carry out the provisions of that act.

18 B. The department and the authority may:

19 (1) make and enter into contracts and
20 agreements necessary to carry out their powers and duties
21 pursuant to the provisions of the Behavioral Health Capital
22 Funding Act; and

23 (2) do all things necessary or appropriate to
24 carry out the provisions of the Behavioral Health Capital
25 Funding Act.

1 C. The authority is responsible for all financial
2 duties of the programs, including:

- 3 (1) administering the fund;
4 (2) accounting for all money received,
5 controlled or disbursed for capital projects in accordance with
6 the provisions of the Behavioral Health Capital Funding Act;
7 (3) evaluating and approving loans, including
8 determining the financial capacity of an eligible entity;
9 (4) enforcing contract provisions of loans,
10 including the ability to sue to recover money or property owed
11 the state;
12 (5) determining interest rates and other
13 financial aspects of a loan and relevant terms of a contract
14 for services; and
15 (6) performing other duties in accordance with
16 the provisions of the Behavioral Health Capital Funding Act,
17 rules promulgated pursuant to that act or joint powers
18 agreements entered into with the department.

19 D. The department is responsible for the following
20 duties:

- 21 (1) defining sick and medically indigent
22 persons for purposes of the Behavioral Health Capital Funding
23 Act;
24 (2) establishing priorities for loans;
25 (3) determining the appropriateness of a

1 capital project;

2 (4) evaluating the capability of an applicant
3 to provide and maintain behavioral health services;

4 (5) selecting recipients of loans; and

5 (6) determining that capital projects comply
6 with all state and federal licensing and procurement
7 requirements.

8 E. The authority may make a loan to an eligible
9 entity to acquire, construct, renovate or otherwise improve a
10 capital project, provided there is a finding:

11 (1) by the department that the project will
12 provide behavioral health services to sick and indigent persons
13 as defined by the department; and

14 (2) by the authority that there is adequate
15 protection, including loan guarantees, real property liens,
16 title insurance, security interests in or pledges of accounts
17 and other assets, loan covenants and warranties or restrictions
18 or other encumbrances and pledges for the state funds extended
19 for the loan.

20 Section 7. ELIGIBLE ENTITY--CHANGE IN STATUS.--If an
21 eligible entity that has received a loan for a capital project
22 ceases to maintain its nonprofit status or ceases to deliver
23 behavioral health services at the site of the capital project
24 for twelve consecutive months, the state may pursue the
25 remedies provided in the loan agreement or as provided by law.

1 Section 8. REPORT.--The department and the authority
2 shall report jointly to the governor and the legislature by
3 December 1 of each year on the behavioral health capital
4 funding program.

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